

# THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1644.  
FILED, SEPTEMBER 23rd, 1968.

## CHARTER OIL COMPANY LIMITED

Full corporate name of Company

Incorporated under the Companies Act of British Columbia

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made previous to Filing Statement No. 1594.

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

- Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

### Material changes:

The Company proposes to offer Moneta Porcupine Mines, Limited approximately 110,350 Peso Silver Mines Limited shares from its investment portfolio in satisfaction of its indebtedness to that company of approximately \$337,672 as at July 31, 1968. The price for Peso shares being market, less 15%, as at July 31, 1968.

The Company has received a subscription of \$210,000 from Mr. Oswald Bühler, Mauren, Switzerland, and \$700,000 from Mr. Bruno Saager, Director General of the Union Bank of Switzerland for 30,000 and 100,000 treasury shares of the Company's stock respectively. Such shares are to be issued for the account of persons mentioned above, for investment and not with any view to making a distribution thereof. Such shares shall bear a restrictive legend which will state that the shares cannot be freely traded, nor can they be sold unless a registration statement is in effect, and then pursuant to requirements of the United States Securities Act of 1933.

The Company proposes to advance to Mount Nansen Mines Limited \$700,000 for further mine development. Such advances bear interest at the rate of 8-1/2% per annum. The Company has the option to ask for repayment out of production which commenced August 30, 1968, or to convert such advances together with accrued interest thereon into Nansen treasury shares at the rate of \$1.25 per share.

Peso Silver Mines Limited owns 3,746,852 shares of Mount Nansen or 55.9%. Charter Oil Company Limited together with Moneta Porcupine Mines, Limited own an additional 602,500 shares of Mount Nansen or 9%. Charter Oil Company Limited together with Moneta Porcupine Mines, Limited own 2,345,767 shares of Peso Silver Mines Limited or 50.1%. Charter Oil Company Limited own 50.117% of Moneta Porcupine Mines, Limited. Therefore Mount Nansen Mines Limited is deemed to be controlled by Charter Oil Company Limited.

Between July 22 and July 26, 1968 the Company purchased 1,700,693 acres of land on the Arctic Coastal plain for a total expenditure of \$94,284.65 consisting of \$9,250.00 fees and \$85,034.65 deposit. Charter's portion is 75% of the above expenditure for a 75% undivided interest with Ponderay Explorations Limited sharing the remaining 25% interest.

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|---|--|
| 2. Head office address and any other office address.  | 916-475 Howe Street, Vancouver - Head Office<br>420-475 Howe Street, Vancouver - Executive Office        |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.    | See Schedule "A" on page 3.  |
| 4. Share capitalization showing authorized and issued and outstanding capital.                                      | Authorized: 4,000,000 common shares of a par value of \$1.00 each<br>Issued: 2,746,321 at June 30, 1968  |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding. | Fifteen-year 5-3/4% subordinate convertible debentures due August 1, 1972 U.S.\$433,000 at July 31, 1968 |



6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>131,466 shares are reserved to meet conversion privileges of convertible debentures</p> <p>150,000 shares are reserved to cover options which have been exercised at \$2.00 per share</p> <p>130,000 shares have been subscribed for, for investment purposes. Equivalent value of these shares has been deposited with the Company. At the time of provisional acceptance of this transaction and subject to approval of American and Toronto Stock Exchanges, Charter was trading in the \$7-\$7.50 range.</p> <p>The above 130,000 shares were purchased for investment purposes with the understanding that they will be held for a period of one year and that the shares will be deposited with a broker for the duration of that period. See Item 1.</p>														
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p><u>Optioned shares:</u></p> <table> <tr> <td>80,000</td> <td>Paul O. Berliz</td> </tr> <tr> <td>50,000</td> <td>Avery Stone</td> </tr> <tr> <td>20,000</td> <td>R. A. McCullough</td> </tr> <tr> <td><u>150,000</u></td> <td></td> </tr> </table> <p><u>Subscribed:</u></p> <table> <tr> <td>30,000</td> <td>Oswald Buhler</td> </tr> <tr> <td>100,000</td> <td>Bruno Saager</td> </tr> <tr> <td><u>280,000</u></td> <td></td> </tr> </table>	80,000	Paul O. Berliz	50,000	Avery Stone	20,000	R. A. McCullough	<u>150,000</u>		30,000	Oswald Buhler	100,000	Bruno Saager	<u>280,000</u>	
80,000	Paul O. Berliz														
50,000	Avery Stone														
20,000	R. A. McCullough														
<u>150,000</u>															
30,000	Oswald Buhler														
100,000	Bruno Saager														
<u>280,000</u>															
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None														
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company proposes to participate in development of the Mount Nansen property in the Yukon, which commenced production August 3 <sup>rd</sup> , 1968, with an initial capacity of 200 tons per day, to be gradually stepped up to 400 tons per day. The Company is at present analyzing steps to be taken in surveying the 1.7 million acres of its holdings on the Arctic coastal plain in the Yukon Territory.														
10. Brief statement of company's chief development work during past year.	The Company drilled one well in the Carnduff Area of Saskatchewan, which turned out to be dry. The Company also acquired a 75% interest in 1.7 million acres of land on the Arctic Coastal plain in the Yukon Territory for a price of 5¢ per acre.														
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None														
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None														
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None														
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None														
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>Five Largest Shareholders:</p> <table> <tr> <th><u>Name &amp; Address</u></th> <th><u>Shareholding</u></th> </tr> <tr> <td>Canadawide Investments Limited, 420-475 Howe Street, Vancouver 1, B. C.</td> <td>1,185,482</td> </tr> <tr> <td>Merrill, Lynch, Pierce, Fenner &amp; Smith Inc., 11 King Street West, Toronto, Ontario.</td> <td>79,078</td> </tr> <tr> <td>Francis I. duPont Company, 630 Dorchester Blvd., Montreal, Quebec.</td> <td>43,445</td> </tr> <tr> <td>Mitchum, Jones &amp; Templeton Inc., 510 S. Spring Street, Los Angeles, California.</td> <td>29,400</td> </tr> <tr> <td>Dominick &amp; Dominick Inc., 14 Wall Street, New York, N. Y.</td> <td>27,662</td> </tr> </table> <p>The beneficial owners are not known of the shares registered in the names of the brokers.</p>	<u>Name &amp; Address</u>	<u>Shareholding</u>	Canadawide Investments Limited, 420-475 Howe Street, Vancouver 1, B. C.	1,185,482	Merrill, Lynch, Pierce, Fenner & Smith Inc., 11 King Street West, Toronto, Ontario.	79,078	Francis I. duPont Company, 630 Dorchester Blvd., Montreal, Quebec.	43,445	Mitchum, Jones & Templeton Inc., 510 S. Spring Street, Los Angeles, California.	29,400	Dominick & Dominick Inc., 14 Wall Street, New York, N. Y.	27,662		
<u>Name &amp; Address</u>	<u>Shareholding</u>														
Canadawide Investments Limited, 420-475 Howe Street, Vancouver 1, B. C.	1,185,482														
Merrill, Lynch, Pierce, Fenner & Smith Inc., 11 King Street West, Toronto, Ontario.	79,078														
Francis I. duPont Company, 630 Dorchester Blvd., Montreal, Quebec.	43,445														
Mitchum, Jones & Templeton Inc., 510 S. Spring Street, Los Angeles, California.	29,400														
Dominick & Dominick Inc., 14 Wall Street, New York, N. Y.	27,662														



# SCHEDULE "A"

<u>Name &amp; Address</u>	<u>Office</u>	<u>Chief Occupation For Past 5 Years</u>
Hans Willi, Lagos, Nigeria.	President and Director.	Financier and Management Consult- ant, Lagos, Nigeria Employed for last five years by Pro- consult Ltd. Management Consult- ants.
Stanley E. Jerome, 2703 Panorama Place, 2055 Pendrell Street, Vancouver, B. C.	Executive Vice-Pres. and Director.	Consulting Geolo- gist. 1960-65 - Assoc. Director Nevada Bureau of Mines and Nevada Mining Ana- lytical Laboratory. 1965-67 - Manager Mineral Exploration Kerr-McGee Corp. Natural Resources Development. 1967 - Managing Dir Canadawide Invest- ments Limited.
A. E. Proznick, 7350 Rupert St., Vancouver, B. C.	Secretary- Treasurer.	Chartered Account- ant. 1961-65 - Price, Waterhouse & Co., 1965 - Present - Peso Silver Mines Limited.
Lloyd K. Turner, 4288 Pine Cres., Vancouver, B. C.	Director.	Executive. Employed for last 5 years as Vice- Pres. of West Coast Transmission Company Limited. Transmission line owners and opera- tors.
Douglas D. Campbell, 2390 W. 1st, Vancouver, B. C.	Director.	Ph.D. For the past 10 years has been a Consulting Geolo- gist with Dolmage, Campbell and As- sociates, Consult- ing Geologists, 808-900 West Hastings Street, Vancouver, B. C.
Francis L. Croteau, 4861 Marguerite St., Vancouver, B. C.	Director.	Consulting Geolo- gical Engineer. 1963 - Economic Analyst. 1964 - 66 - Can- Tex Producing Co. Limited, oil de- velopment company. 1967 - Consulting Geological Engin- eer.

# FINANCIAL STATEMENTS

CHARTER OIL COMPANY LIMITED  
(Incorporated under The Companies Act of British Columbia)

And Partially Owned Subsidiary Company  
Moneta Porcupine Mines, Limited

Consolidated Balance Sheet As At June 30, 1968

## ASSETS

### CURRENT ASSETS

Cash	\$	19,809
Deposit receipts		837,575
Accounts receivable		29,613
Marketable securities, at cost, less amounts written off (market value \$332,217) per schedule		34,869
Prepaid expenses		5,506
		<u>927,372</u>

INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES, at cost (Note 2)		4,352,136
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### FIXED ASSETS, at cost

Lands, leasehold rights and developments thereon		
Producing	\$226,385	
Accumulated depletion	<u>153,780</u>	
	72,605	
Non-producing	<u>150,770</u>	
	223,375	
		223,375
Plant and equipment	165,972	
Accumulated depreciation	<u>120,502</u>	
		45,470

### OTHER ASSETS

Refundable deposits	15,072	
Receivable on acquisition of shares	32,000	
Unamortized expense on issue of debentures	<u>21,074</u>	
		68,146

\$5,616,499

Consolidated Balance Sheet As At June 30, 1968

## LIABILITIES

### CURRENT LIABILITIES

Bank indebtedness - secured	\$	36,599
Accounts payable and accrued		41,184
Due to affiliates		17,594
Debenture interest accrued		12,665
Due to a director		<u>13,936</u>
		121,978

DUE TO ANLAGEBANK ZURICH		450,000
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FIFTEEN-YEAR 5-3/4% SUBORDINATE CONVERTIBLE DEBENTURES DUE AUGUST 1, 1972 U.S.\$493,000 (Note 3)		468,343
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MINORITY INTEREST IN PARTIALLY OWNED SUBSIDIARY COMPANY		1,961,586
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## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (Note 4)

Authorized		
4,000,000 common shares of \$1 each par value		
Issued		
2,746,321 shares	\$2,746,321	

CAPITAL SURPLUS	<u>1,328,845</u>	
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4,075,166

DEFICIT	<u>1,460,574</u>	
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2,614,592

\$5,616,499

Approved on behalf of the Board:

*[Signature]* Director  
*[Signature]* Director



CHARTER OIL COMPANY LIMITED

And Partially Owned Subsidiary Company

MONETA PORCUPINE MINES, LIMITED

Consolidated Statement of Earnings and Deficit  
For The Eleven Months Ended June 30, 1968

REVENUE

Sale of production	\$ 27,264
Royalty income	11,990
	<hr/> 39,254

OPERATING EXPENSE

Well operating	\$ 33,076
General and administrative	118,704
Depletion of producing properties	11,748
Depreciation	6,492
Carrying cost of non-producing properties	10,567
Exploration and non-producing development	2,304
	<hr/> 182,891

Loss on operations 143,637

OTHER DEDUCTIONS (Income)

Interest income (net)	(65,171)
Gain on disposal of assets	( 3,364)
Debenture interest issue and exchange expense	44,926
	<hr/> 23,609

120,028

MINORITY INTEREST

(18,744)

Loss for the period 138,772

DEFICIT AT BEGINNING OF PERIOD 1,321,802

DEFICIT AT END OF PERIOD \$1,460,574

Schedule of Marketable Securities  
As At June 30, 1968

<u>Shares</u>		<u>Cost</u>	<u>Market</u>
81,740	Brown-McDade Mines Limited	\$ 23,191	\$ 44,957
1,500	Continental Potash Corp.	300	-
15,000	Birocco Kirkland Mines Ltd.	* 1	-
27,679	Caribbean Gold Mines Limited	* 1	-
21,750	Queenston Gold Mines Limited	2,820	-
1,025,471	Tofino Mines Limited	8,551	20,508
200	Gatineau Power Corp.	* 2	-
666,881	Silmonac Mines Ltd.	* 1	266,752
400,485	Clinton Copper Mines Ltd.	* 1	-
	Royalty interest 2 units	* 1	-
		<hr/> \$ 34,869	<hr/> \$332,217

\* Less amounts written off



CHARTER OIL COMPANY LIMITED  
AND PARTIALLY OWNED SUBSIDIARY COMPANY  
MONETA PORCUPINE MINES LIMITED

AS AT JUNE 30, 1968

NOTE 1 The consolidated financial statements include the accounts of the company and its partially owned (50.117%) subsidiary Moneta Porcupine Mines, Limited. The accounts of the Company's wholly owned subsidiary Company, American Charter Oil Company have been excluded from the consolidated financial statements because of immateriality.

In the consolidated financial statements inter-company balance sheet accounts and inter-company income and expenses have been eliminated.

The company follows the practice of reflecting in its investments, income and deficit account the increase or decrease in equity of its partially owned subsidiary. At June 30, 1968 the amount by which the investment in its partially owned subsidiary exceeded the book value applicable thereto was \$146,779. This amount has been included in the cost of Peso Silver Mines Ltd. shares.

NOTE 2 INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES.

The investment in and advances to affiliated companies of \$4,352,136 is made up as follows:

<u>Investment</u>	<u>Shares</u>	<u>Cost</u>
Peso Silver Mines Limited	2,345,767	\$3,421,809
Mount Nansen Mines Limited	602,500	303,250
		<u>3,725,059</u>
<u>Advances</u>		
Mount Nansen Mines Limited		547,089
Canadawide Investments Limited		59,999
Peso Silver Mines Limited		19,989
		<u>627,077</u>
		<u>\$4,352,136</u>

NOTE 3 FIFTEEN YEAR 5-3/4% SUBORDINATE CONVERTIBLE DEBENTURES

The Fifteen Year 5-3/4% Subordinate Convertible Debentures due August 1, 1972, issued and outstanding in the principal amount of \$493,000 (U.S. funds), are unsecured obligations of the company and subject to sinking fund payments in the amount of \$150,000 (U.S.) per year. The trust indenture provides that the debentures may be converted into common shares (of the company) of \$1 each, par value at a price of \$3.75 (U.S.) per share. Debentures in the principal amount of \$641,000 (U.S.) were converted into common shares of the company during the year ended July 31, 1968.

Converted debentures in the principal amount of \$856,000 (U.S.) are available to satisfy future years' sinking fund requirements.

NOTE 4 CAPITAL STOCK

During the period August 1, 1967 to June 30, 1968 154,902 common shares of the capital stock of the company were issued on the conversion of \$581,000 (U.S.) face value of the subordinate convertible debentures (Note 3). The excess of the conversion price of the debentures converted (less the unamortized debenture expense applicable thereto) over the par value of the shares issued has been credited to capital surplus account.

Options previously outstanding entitling certain officers and directors of the company to purchase 150,000 shares of the capital stock of the company at a price of \$2 per share were exercised following formal approval of the options by the shareholders of the company. Such shares have not been issued and will not be issued until they are approved for trading by the American Stock Exchange.

As at June 30, 1968 there are 131,466 common shares of the capital stock of the company reserved to meet the conversion privilege of the outstanding Fifteen Year 5-3/4% Subordinate Convertible Debentures and 150,000 common shares reserved in connection with the aforementioned stock options.

NOTE 5 DIRECTORS' REMUNERATION

General and administrative expenses for the eleven months ended June 30, 1968 include \$11,665 paid as remuneration to directors.



# CHARTER OIL COMPANY LIMITED

(Incorporated Under The Companies Act of British Columbia)

And Partially Owned Subsidiary Moneta Porcupine Mines, Limited

## Consolidated Statement of Source and Application of Funds

For Seven Months Ended June 30, 1968

### SOURCE OF FUNDS

Repayment of loans by Canadawide	\$1,208,575
Advances from Anlagebank Zurich	450,000
	<u>1,658,575</u>

### APPLICATION OF FUNDS

Loss on Operations	\$ 56,248	
Less: Items not requiring a cash outlay		
Depreciation and depletion		
	\$11,607	
Amortization of debenture issue expense		
	<u>3,031</u>	<u>14,638</u>
		41,610
Purchase of securities		179,145
Property plant & equipment		50,906
Advances to affiliated companies		525,471
Other		<u>553</u>
		<u>797,685</u>
INCREASE IN WORKING CAPITAL		860,890

Working capital deficiency at beginning of period 55,496

WORKING CAPITAL AT END OF PERIOD \$ 805,394

Approved on Behalf of The Board

*H. Wier*

Director

*L. J. J. J.*

Director



16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Canadawide Investments Limited, 420-475 Howe Street, Vancouver 1, B. C., holder of 1,185,482 common shares, is deemed to have effective control of the Company. Canadawide is owned 52% by Hans Willi, Lagos, Nigeria, and 48% by Kurt Gratwohl, Zurich, Switzerland.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See financial statements
18. Brief statement of any lawsuits pending or in process against company or its properties.	None
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	On March 28, 1968 the Company signed a working arrangement with Ponderay Exploration Co.Ltd. of Edmonton, Alberta with regard to its oil properties. A copy of the working arrangement is on file with the Toronto Stock Exchange.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts.  There are no shares in the course of a primary distribution.

# CERTIFICATE OF THE COMPANY

DATED August 30, 1968.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

CHARTER OIL COMPANY LIMITED  
 "H. Willi"  
 "S.E. Jerome"  
 Director  
 Director  
 CORPORATE SEAL

## CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)



THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

# THE TORONTO STOCK EXCHANGE

10/10/68  
17/10/68  
24/10/68

FILING STATEMENT NO. 1655,  
FILED, NOVEMBER 26th, 1968.

## CHARTER OIL COMPANY LIMITED

Full corporate name of Company

Incorporated under the laws of the Province of British Columbia

Particulars of Incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953

(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous  
Filing Statement No. 1594.

### FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

#### Material changes:

The Company has established a wholly owned subsidiary in California called Charter Capital Corporation.

The Company has offered to purchase from Peso Silver Mines Ltd. (N.F.L.) 1,959,578 shares of Brown-McDade Mines Ltd. for 195,958 shares of the Company; from Mount Nansen Mines Ltd. 500,000 shares of Brown-McDade Mines Ltd. for 50,000 shares of the Company; and from Moneta Procupine Mines, Limited 36,240 shares of Brown-McDade Mines Ltd. for 3,624 shares of the Company.

The Company has agreed to purchase from Andros Immobilien AG the Rideau Towers in Calgary, Alberta for \$3.7 million (Canadian) by the issue of 194,087 shares and the assumption of an existing first mortgage in the amount of approximately \$1,350,000. Rideau Towers is a four building apartment complex of 201 suites located on a 15 acre site which has a substantial area for further building development.

Dr. S.E. Jerome has become a partner in a brokerage house (Donaldson Securities Ltd.) and to avoid a conflict of interests has resigned from the Company and its affiliates. Mr. Edward Blessing has been appointed Director in his place.

The Company has agreed to lease the 19th Floor of the Electronics Capital Building in San Diego, California for a period of ten years, and in consideration of the issuance of 5,000 shares of the capital stock of the Company to Irving Kahn Organization, the owners of the building have agreed to change the name of the building to "Charter Oil Building". The Company considers the issuance of the said 5,000 shares an armslength transaction.

2. Head office address and any other office address.

916-475 Howe Street, Vancouver - Head Office  
420-475 Howe Street, Vancouver - Executive Office

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.

Name & Address	Office	Chief Occupation For Past 5 yrs.
Hans Willi Zurich, Switzerland	President & Director	Financier and Management Consultant, Employed for last 5 years by Proconsult Ltd., Management Consultants.
A.E. Proznick 7350 Rupert St. Vancouver B.C.	Secretary-Treasurer	Chartered Accountant. 1961-65 - Price, Waterhouse & Co. 1965 - Present - Peso Silver Mines Ltd.
Lloyd K. Turner 4288 Pine Cres. Vancouver, B.C.	Director	Executive. Employed for last 5 years as Vice-President of West Coast Transmission Company Limited. Transmission line owners and operators.
Douglas D. Campbell 2390 W. 1st Vancouver, B.C.	Director	Ph.D. For the past 10 years has been a Consulting Geologist with Dolmage, Campbell and Associates, Consulting Geologists, 808-900 West Hastings Street, Vancouver, B.C.
Francis L. Croteau 4861 Marguerite Vancouver, B.C.	Director	Consulting Geological Engineer. 1963 - Economic Analyst. 1964 - 66 - Can-Tex Producing Co. Limited, oil development company 1967 - Consulting Geological Engineer
Edward W. Blessing	Director & Vice-President	1961 - 63 Shearson, Hammill & Co. 1963 - 65 Harvard Business School 1965 - 68 McKinsey & Company.



4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 4,000,000 Common shares par value \$1.00 each. Issued: 2,779,643 shares at September 30, 1968.												
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Fifteen-year 5-3/4% subordinate convertible debentures due August 1, 1972, \$368,000 (U.S.) September 30, 1968.												
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	98,133 shares are reserved to meet conversion privileges of convertible debentures. 150,000 shares are reserved to cover options which have been exercised at \$2.00 per share 130,000 shares have been subscribed for, for investment purposes. Equivalent value of these shares has been deposited with the Company. At the time of provisional acceptance of this transaction and subject to approval of American and Toronto Stock Exchanges, Charter was trading in the \$7-\$7.50 range. 5,000 shares set aside for the owners of Electronics Capital Building, San Diego.												
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Optioned shares: 80,000 Paul O. Berlitz 50,000 Avery Stone 20,000 R. A. McCullough  Subscribed: 30,000 Oswald Buhler 100,000 Bruno Saager Other: 5,000 will be issued to Irving Kahn Organization (see item 1.)												
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None												
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company proposes to expand from a holding company to an operating company in the natural resources area. It will initially have three operating divisions; oil and gas, mineral and real estate. The headquarters of the Petroleum Exploration and Development Division is presently being established in Calgary, and the headquarters of the Mineral Exploration and Development Division will be centralized in Vancouver.</p> <p>The offer to acquire Brown-McDade shares is part of Charter's consolidation plans. Wherever feasible and advantageous the Company will continue to increase its direct participation in its subsidiary companies.</p> <p>NOTE-Reference is made to a report by Douglas D. Campbell, P. Eng., Ph. D., dated October 21st, 1968, concerning the Brown-McDade Mines Limited, which is on pages 8, 9, 10 and 11.</p>												
10. Brief statement of company's chief development work during past year.	A subsidiary Company, Mount Nansen Mines Limited has been brought into production. Further development work has taken place on the Company's interest in 1.7 million acres of land in the Arctic Coastal Plain in the Yukon Territory.												
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>The Company has agreed to purchase from Andros Immobilien Ag of Tellsgasse 3, Altdorf, Switzerland, Rideau Towers for a total consideration of \$3.7 million (Canadian) payable by the issue of 194,087 shares of the Company and the assumption of a first Mortgage of approximately \$1,350,000.00.</p> <p>The Company has agreed to purchase shares of Brown-McDade Mines Ltd. from the following Companies:</p> <table><thead><tr><th>Name &amp; Address</th><th>Shares Purchased</th><th>Consideration</th></tr></thead><tbody><tr><td>Peso Silver Mines Ltd. (N.P.L.) 420-475 Howe Street Vancouver, B. C.</td><td>1,959,578</td><td>195,958 shares of Charter</td></tr><tr><td>Mount Nansen Mines Ltd. 420-475 Howe Street Vancouver, B. C.</td><td>500,000</td><td>50,000 shares of Charter</td></tr><tr><td>Moneta Porcupine Mines, Limited 420-475 Howe Street Vancouver, B. C.</td><td>36,240</td><td>3,624 shares of Charter</td></tr></tbody></table>	Name & Address	Shares Purchased	Consideration	Peso Silver Mines Ltd. (N.P.L.) 420-475 Howe Street Vancouver, B. C.	1,959,578	195,958 shares of Charter	Mount Nansen Mines Ltd. 420-475 Howe Street Vancouver, B. C.	500,000	50,000 shares of Charter	Moneta Porcupine Mines, Limited 420-475 Howe Street Vancouver, B. C.	36,240	3,624 shares of Charter
Name & Address	Shares Purchased	Consideration											
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Moneta Porcupine Mines, Limited 420-475 Howe Street Vancouver, B. C.	36,240	3,624 shares of Charter											



SCHEDULE "A"

CHARTER OIL COMPANY LIMITED

List Of Officers And Directors With Their Positions In Related Companies

	CHARTER	MONETA	PESO	NANSEN	RIO PLATA	TOFINO
Hans Willi	Pres & Dir.	Director	Pres & Dir.	Pres & Dir.		
Edward W. Blessing	Vice-Pres & Director		Director	Director		Director
A. Elmer Proznick	Sec-Treas.	Sec-Tr.	Sec-Tr.	Sec-Tr.	Sec-Treas.	Sec-Treas.
Dr. Douglas D. Campbell	Director					
F. L. Croteau	Director	Director	Director			
Lloyd K. Turner	Director					



CHARTER OIL COMPANY LIMITED

BALANCE SHEET AS AT JULY 31, 1968

4



CHARTER OIL COMPANY LIMITED  
STATEMENT OF DEFICIT  
FOR THE YEAR ENDED JULY 31, 1968

	<u>1968</u>	<u>1967</u>
BALANCE AT BEGINNING OF YEAR	\$ 821,645	\$613,093
Loss for the year	<u>184,584</u>	<u>208,552</u>
BAJANCE AT END OF YEAR	<u>\$1,006,229</u>	<u>\$821,645</u>

STATEMENT OF CAPITAL SURPLUS  
FOR THE YEAR ENDED JULY 31, 1968

	<u>1968</u>	<u>1967</u>
BALANCE AT BEGINNING OF YEAR	\$ 931,807	\$921,914
Excess of conversion price of debentures over par value of shares issued	425,748	9,893
Excess of subscription price over par value of shares subscribed	<u>780,000</u>	<u>-</u>
BALANCE AT END OF YEAR	<u>\$2,137,555</u>	<u>\$931,807</u>

STATEMENT OF EARNINGS  
FOR THE YEAR ENDED JULY 31, 1968

	<u>1968</u>	<u>1967</u>
REVENUE		
Sale of production	\$ 30,419	\$ 33,973
Royalty income	<u>12,826</u>	<u>11,204</u>
	43,245	45,177
EXPENSES		
Well operating	38,138	25,229
General and administrative	175,020	156,387
Depletion	14,008	12,713
Depreciation	7,082	8,573
Carrying costs of non-producing properties	9,973	10,285
Exploration and non-productive development	<u>68,971</u>	<u>61,615</u>
	313,192	274,802
Loss on operations	<u>269,947</u>	<u>229,625</u>
OTHER DEDUCTIONS (INCOME)		
Gain on disposal of investment to subsidiary company	(190,950)	-
Interest, dividends and other income	(10,135)	(6,789)
Gain on disposal of assets	(1,971)	(54,195)
Settlement on termination of directors' employment contracts	41,504	-
Debenture interest and issue expense	46,009	71,286
Other interest expense	<u>20,529</u>	<u>17,659</u>
	(95,014)	27,961
	174,933	257,586
SHARE OF SUBSIDIARY COMPANY'S LOSS (INCOME)	<u>9,651</u>	<u>(49,034)</u>
LOSS FOR THE YEAR	<u>\$184,584</u>	<u>\$208,552</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED JULY 31, 1968

	<u>1968</u>	<u>1967</u>
SOURCE OF FUNDS		
Capital stock subscriptions	\$ 910,000	\$ -
Proceeds on disposal of investments less gain thereon	146,720	80,898
Repayment of advances by affiliated companies	-	121,769
Other	<u>1,516</u>	<u>24,262</u>
	1,058,236	226,929
APPLICATION OF FUNDS		
Loss for the year	184,584	208,552
Non-cash charges and credits (net)	<u>53,090</u>	<u>38,039</u>
	131,494	170,513
Advances to affiliated companies	269,792	-
Investments	-	58,250
Other	<u>12,165</u>	<u>1,316</u>
	413,451	230,079
INCREASE (DECREASE) IN WORKING CAPITAL	644,785	(3,150)
Working capital (deficiency) at beginning of year	<u>(315,755)</u>	<u>(312,605)</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 329,030</u>	<u>(\$315,755)</u>

NOTES TO FINANCIAL STATEMENTS

AS AT JULY 31, 1968

1. SUBSIDIARY COMPANY

The financial statements do not include the accounts of the company's partially owned (50.87%) subsidiary, Moneta Porcupine Mines, Limited as consolidated financial statements will be made available to the company's shareholders. The investment in Moneta Porcupine Mines, Limited is carried in the books of the company at \$2,107,915 which represents cost (\$2,118,150) of acquisition less the company's proportion of the cumulative loss (\$10,235) of Moneta Porcupine Mines, Limited from July 28, 1965 (date of acquisition) to July 31, 1968.

2. ACCOUNTING POLICIES

The company follows the practice of charging oil exploration and carrying costs applicable to both producing and non-producing properties to income as such costs are incurred. Property acquisition costs are capitalized and charged to income if the property is subsequently surrendered. The costs of drilling unproductive wells are charged to income when the wells are determined to be dry and the costs of productive wells, together with related property acquisition costs are charged to income on the unit of production method using estimated reserves of oil and gas.

3. INVESTMENTS IN AND ADVANCES TO SUBSIDIARY AND AFFILIATED COMPANIES

<u>Investments</u>	<u>Shares</u>	<u>Percentage Owned</u>	<u>Carrying Value</u>
Moneta Porcupine Mines, Limited	1,355,100	50.87%	\$2,107,915 (1)
Peso Silver Mines Ltd.	883,487	18.9%	1,174,646 (2)
Mount Nansen Mines Limited (Subsidiary company of Peso Silver Mines Ltd.)	582,500	8.7%	288,250 (2)
			<u>3,570,811</u>
<u>Advances at Cost</u>			
Mount Nansen Mines Limited (Advance of \$300,000 plus accrued interest)			303,316
Canadawide Investments Limited			<u>23,887</u>
			<u>327,203</u>
			<u>\$3,898,014</u>

(1) Reference is made to Note 1 to financial statements.

(2) Represents cost of acquisition

The amounts shown as investments in subsidiary and affiliated companies are not intended to reflect present or realizable values.

An evaluation of the mining properties of Peso Silver Mines Ltd. (and of its subsidiary companies) as prepared by an independent consulting engineer, indicates that the underlying value of the Peso and Mount Nansen shares is in excess of cost to the company.

The market value of the investment in Peso Silver Mines Ltd., based on the closing market price of such shares on the Vancouver Stock Exchange on July 31, 1968 was \$3,180,553.

The company has agreed to advance an additional \$400,000 to Mount Nansen Mines Limited and has the option to convert the resultant total advances, together with accrued interest thereon, into capital stock of Mount Nansen Mines Limited at the rate of \$1.25 per share.

4. FIFTEEN YEAR 5 3/4% SUBORDINATE CONVERTIBLE DEBENTURES

The Fifteen Year 5 3/4% Subordinate Convertible Debentures due August 1, 1972, issued and outstanding in the principal amount of \$433,000 (U.S. funds), are unsecured obligations of the company and subject to sinking fund payments in the amount of \$150,000 (U.S.) per year. Future years' sinking fund requirements have been satisfied by debentures converted to June 30, 1968.

The trust indenture provides that the debentures may be converted into common shares (of the company) of \$1 each, par value at a price of \$3.75 (U.S.) per share. Debentures in the principal amount of \$641,000 (U.S.) were converted into common shares of the company during the year ended July 31, 1968.

5. CAPITAL STOCK

During the year 170,901 common shares of the capital stock of the company were issued on the conversion of \$641,000 (U.S.) face value of the subordinate convertible debentures (Note 4). The excess of the conversion price of the debentures converted (less the unamortized debenture expense applicable thereto) over the par value of the shares issued has been credited to capital surplus.

130,000 common shares of the capital stock of the company have been subscribed for as at July 31, 1968. The issuance of these shares is subject to the approval of the regulatory Stock Exchanges. The excess of the subscription price over the par value of the shares subscribed for has been credited to capital surplus.

As at July 31, 1968 there are 115,467 common shares reserved to meet the conversion privilege of the Fifteen Year 5 3/4% Subordinate Convertible Debentures and 150,000 common shares reserved in connection with stock options which were exercised by certain officers and directors prior to the commencement of the year. The 150,000 shares will not be issued until they are approved for trading by the American Stock Exchange



#### 6. DIRECTORS' REMUNERATION

The accounts of the company include \$20,946 paid as remuneration to directors and \$41,504 paid on termination of employment contracts. The directors of the company also received \$22,103 as remuneration and \$43,490 on termination of employment contracts from subsidiaries whose statements have not been consolidated.

#### 7. SUBSEQUENT EVENTS

(a) Subsequent to the balance sheet date the company entered into an agreement for the purchase of an apartment complex in consideration for 194,087 treasury shares of the company and the assumption of mortgages approximating \$1,350,000.

(b) The company has made an offer to its affiliated companies whereby it would receive 2,495,818 shares of Brown-McDade Mines Ltd. in consideration for 249,582 treasury shares of the company.

Both of the above transactions are subject to the approval of the regulatory Stock Exchanges.

#### SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSE

FOR THE YEAR ENDED JULY 31, 1968

	<u>1968</u>
Salaries and administration fees	\$ 65,349
Legal	39,149
Transfer agents' fees and expense	23,793
Travel	13,818
Consulting fees	10,932
Other	<u>21,979</u>
	<u>\$175,020</u>

#### RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

505 BURNARD STREET  
VANCOUVER 1, B.C.

#### AUDITORS' REPORT

To The Shareholders,  
Charter Oil Company Limited.

We have examined the balance sheet of Charter Oil Company Limited as at July 31, 1968 and the statements of earnings, deficit, capital surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Riddell Stead Graham & Hutchison*

September 29, 1968.



## BROWN-McDADE ZONES

The Brown-McDade deposits are located on an eastern spur of the main Webber Ridge approximately 5000 feet east-northeast of the Huestis Mine. The workings consist of the underground workings, driven in 1946-47, and ten wide (15-50 ft.) bulldozer trenches which cross the vein zone at about 150-200 feet spacing for a vein length of 1600 feet. These trenches were excavated in 1964 by Peso Silver Mines Ltd. Of this 1600 feet about 650 feet lie beyond the south end of the underground workings. The underground workings consist of a crosscut adit 850 feet in length, a south drift approximately 650 feet in length, and a north drift about 500 feet in length. The Brown-McDade vein zone strikes N 25°W and dips 50° to the west.

Since 1947 the price of silver has risen and the costs of operating in this area have declined, therefore the deposit looks more promising now. Peso Silver Mines Ltd., is presently conducting a reassessment program of the mine by underground drilling, following the remapping, resampling and the new surface trenching. This program is still in progress so that a comprehensive assessment of the ore deposit is not yet possible; however, sufficient new information has already been accumulated to provide a reasonable estimate of the general productivity and potential of the deposit, with the understanding that further information could alter the estimates in detail but not significantly in the gross aspects.

Because of the widespread clay alteration of the rock within and near the Brown-McDade vein zone diamond drill core recovery within the zone has been and is seldom more than 50 per cent and often less than 20. This feature imposes restrictions on the assessment of drill results which probably had considerable bearing on the low estimates of the earlier operators.

**WALLROCK GEOLOGY:** The underground workings at Brown-McDade lie solely within two types of granitic rock, the most extensive of which is granodiorite. Porphyritic granite is exposed in the adit near the portal where it is in fault contact with the granodiorite that forms the country rock for the remainder of the mine. On the surface, 1500 feet south of the portal, the granitic rocks are in contact with, and presumably intrusive into, schists of the Precambrian Yukon Group. About 6000 feet north of the portal the granitic rocks are also in contact with, and probably intrusive into, massive, fresh basalts and diorite of the Mt. Nansen Group of Jurassic age.

At the mine the granodiorite is cut by two major fault or shear zones which trend about north northwest and dip 50° - 70° to the west. The west fault is the main vein zone and is a wide shear structure. The granodiorite between these two faults is appreciably more fractured and silicified than is normal for this area.

The Brown-McDade Zone, west fault, is a complex zone of gouge planes and altered and sheared rock which ranges in width from 25 to 75 feet. The hanging wall rock is highly fractured, hematized and argillized for widths up to 100 feet. South of the mine the zone enters the Yukon Group schists and pinches down abruptly, and the adjacent wallrock alterations become less pronounced. The zone has been traced to the north by an E-M survey for a distance of 6000 feet to the basalt-diorite rocks within which it becomes narrow and barren for a distance of 5500 feet. Emerging from these greenstones into granitic rocks once more the zone widens to at least 25 feet and is again extensively mineralized by hematite and quartz and is gold-bearing.

**ORE STRUCTURE:** The Brown-McDade Zone exhibits a main footwall fault plane characterized by about 6 inches of dense gouge. This structure is persistent in the mine and consistent in attitude. It has been traced by the E-M survey and float trains for a distance of over three miles. As exposed underground, it is divisible into three main parallel zones which merge with one another along their contacts. Adjacent to the main footwall fault mentioned above is a shear zone approximately 15 feet in width comprised principally of hematized fault gouge in shears bounding highly sericitized and mylonitic rock slices. In rather sharp contact with this shear zone is the ore zone which is from 5 to 30 feet in width and which is comprised principally of gray, limonitic silica-sericite-barite replacement rock within which drusy cavities are common. Nests, veinlets, pods and disseminations of finely crystalline sulphide minerals occur dispersed rather erratically through this siliceous rock and consist principally of pyrite and arseno-pyrite with minor chalcopyrite, galena and tetrahedrite. A number of grab samples of this typical replacement sulphide material averaged about 0.70 oz Au and 8 oz. Ag. In some places underground the ore zone is separated from the shear zone by considerable thicknesses of alteration zone. The hanging wall of the ore zone is everywhere occupied by an alteration zone which is about 75 feet in horizontal width and is comprised of intensely altered and sheared wall rock. It is a replacement zone of fractured, maroon-coloured rock comprised principally of argillized feldspar, hematite and quartz within which relicts of granodiorite are recognizable.

In the surface cuts the zone is well exposed and corresponds generally to the foregoing description. Hard fresh rock is not exposed in the trenches, but the various components of the



zone are recognizable as rubble of distinctive colours and textures. On the surface the ore zone veers off from the main footwall apparently in an echelon slices of hundreds of feet in length. At the north end of the surface exposures, between Trenches 01 and 00, the zone is displaced about 100 feet to the east. Exposures give no indication whether this deviation is caused by a cross fault or by a bend in the zone, but in either case the underground workings did not follow such a deflection and actually turned somewhat in the opposite direction, thus becoming considerably separated from the main structure.

The underground headings, criss-cross nearly the entire Brown-McDade Zone with some of their length being in the "shear zone", some in the "ore zone" and much in the "alteration zone".

The ore material is essentially chert replacement quartz within which the sulphides occur as replacement and as open-space fillings. Pyrite is the most widely distributed mineral within and beside the ore zones but is not related to the gold or silver values. Arsenopyrite is the oldest sulphide and is widespread within the ore zones where it is as abundant as the pyrite. Where it is finely divided it imparts the characteristic bluish tinge to the ore vein material. Sphalerite is less common in the vein zones and is generally accompanied by fine grained chalcopyrite. Stibnite is fairly common in local concentrations. The precious metals are spatially related to the arsenopyrite and occur as native gold, andorite, freibergite and ruby silver.

#### ORE OCCURRENCES

Remapping of the Brown-McDade workings has revealed a series of sinuous en echelon vein-like quartz replacement bodies occurring in two general sites, one along the main footwall fault plane, and the other along the zone 20 to 40 feet in the hanging wall. These bodies average 200-400 feet in length and 5 to 15 feet in width and dip parallel to the footwall fault. At their ends along strike individual bodies tend to pinch out rather abruptly or turn sharply into a nearby body. They are all comprised of cherty quartz and brecciated wallrock and are generally vuggy and leached. All are heavily pyritic but only some are appreciably mineralized with arsenopyrite and the sulphosalts.

Underground drifts and drilling have indicated a total strike length of nearly 2000 feet of these vein zones of which about 600 feet have been wholly or partially exposed by drifts and crosscuts. The remaining 1200 feet of zones are indicated by sparse drilling, some crosscuts and by mapping and all require further investigation by further drilling and drifting. Of the 600 feet of zones that have been exposed by drifts 440 feet are of ore grade, occurring in four shoots three of which range in length from 120 to 155 feet and all of which range in width from 5 to 8 feet.

The ore-bearing sections of the vein zones are not everywhere clearly apparent without careful examination and sampling, therefore stoping of these bodies will require close geological control with considerable guidance from drill holes.

ORE TENOR: Gold values of weighted samples at Brown McDade range from 0.40 to over 2.0 ounces/ton whereas the silver values are consistently 4 to 10 ounces/ton. The average values of the ore proven underground to date is 0.61 oz/ton Au and 5.4 oz/ton Ag across an average width of 6.7 feet.

Compared to the other Mt. Nansen properties the Brown-McDade orebodies, as exposed to date, are low grade and decidedly marginal if considered by themselves; however, they have a very large tonnage potential and if they are considered as feed to a mill servicing all the Mt. Nansen properties they have promise of considerable profit. Also, more definitive development of the orebodies may well appreciably increase the grade of the Brown-McDade orebodies.

ORE DEVELOPMENT: Because of the fact that the orebodies crisscross the Brown-McDade drift with much of their widths in the wall and because there is no connection between the drift and the surface trenches it is difficult to properly assess the value of the orebodies. The present program of underground drilling is an attempt to partly resolve this difficulty but ultimately proper answers can only be obtained by more detailed drifting and selected raising. Two good orebodies, 1N and 2N, have been indicated underground north of the crosscut but surface stripping does not extend north of the crosscut so there is no correlation possible for the upward extensions of these bodies. Similarly, an extremely high grade wide section of ore is exposed in Trench No. 8, 400 feet south of the south drift face, but there is no depth correlation possible for it to date.

Thus, most of the information presently available at Brown-McDade is fragmentary yet viewed as a whole it suggests large possible tonnages of mill feed ore.

#### BROWN McDade ORE RESERVES

Because of the fragmentary nature of the available data at Brown-McDade it is most premature to calculate a meaningful

reserve for the deposit. Some excellent surface sampling results cannot be correlated with underground because they are beyond the underground workings. Drilling has been sparse, erratically located and all core recovery has been very poor so that drill results, both good and bad, are difficult to assess. Underground, because the drift rarely entirely exposes any orebody, grades have to be calculated from mixtures of new wall samples and old back samples, some of which include waste wallrock.

With appreciation of the above limitations a preliminary estimate of ore reserves at Brown-McDade has been made to serve as a guide to the weighting of this property. Much more work is required to properly assess the Brown-McDade deposits but results to date certainly indicate that such work is very definitely warranted.

#### RESULTS:

Several orebodies have been well exposed and sampled in the drift and have been intersected within 40 feet above and below the drift by limited drilling. These are considered here to be "proven" ore. Where ore has been partially outlined underground by crosscuts and drill holes it is considered "probable". A distance of 30 vertical feet has been taken on either side of the level for tonnage calculations. The following ore is thus considered as proven and probable.

#### PROVEN AND PROBABLE

Orebody	Tons	Width(ft)	Ag(oz/t.)	Ag (oz/t.)	Category
1N	7450	8	0.67	5.1	Proven
2N	10430	8	0.68	3.7	Probable
2N	6100	5	0.46	9.5	Probable
3N	910	5	1.10	4.2	Probable
1S	3650	5	0.50	5.0	Proven
1S	3650	5	0.50	5.0	Probable
Total	32190 tons		0.61 Au	5.4Ag ave width = 6.7 ft	

In addition to the above ore, surface sampling, scattered drill holes and partial underground exposures have indicated the following ore which can be categorized as probable to possible:

#### INDICATED

Orebody	Tons	Width	Au	Ag	Location	Category
1N	2435	8	0.36	4.3	Surface	Probable
1N	6050	8	0.51	4.7	Drift to Surface	Probable
2N	10000	5			Drift to surface	Possible
3N	2000	5			Drift to surface	Possible
1S	3810	5	1.04	3.2	Surface	Probable
1S	7820	5	0.77	4.1	Drift to surface	Probable
2S	1700	7	0.38	7.0	Drift	Probable
2S	4570	5	0.75	4.5	Surface trenches	Possible & probable
2S	15000	5			Drift to surface	Possible
7S	4560	15	2.40	3	Surface	Probable
7S	20000				Drift to surface	Possible
Total	77945 tons					

Thus, at Brown-McDade approximately 110,000 tons of ore are either proven or indicated within the immediate limits of the present workings. With so many potential ore zones still to be explored between the mine workings and the surface the above figure could possibly be increased as much as 50 per cent.


POTENTIAL: The early operators drilled two holes to intersect the Brown-McDade ore zone at depth below the level: Hole 102 intersected what projects as 1N orebody at 100 feet vertically below the level and returned an assay of 0.70 oz./t. Au and 2.3 oz./t. Ag across 10 feet from 65% core recovery. (Hole 103 intersected the zone 60 feet deeper but returned only 15% core and no values); Hole 101 intersected the zone and what is probably 2N orebody at a depth of 150 feet vertically below the level but returned only 25% core for a width of 15 feet. One six inch piece of this core assayed 0.24 oz./t. Au and 4.0 oz./t. Ag and the remainder, apparently rubble, ran trace. From these results it can be deduced that the ore structure continues at least 200 feet below the level and contains some values to that depth.

From a geological standpoint the extent of the Brown-McDade ore has not been limited along strike or at depth, in fact each of these directions holds excellent potential for productive exploration. Much exploration can be done by extending



the present workings and raising from them. If twice the present drift length produces similar ore reserves as those indicated in the existing workings then a total of 200 to 400,000 tons would be realized in the deposit.

Respectfully submitted,

  
Douglas D. Campbell, P.Eng., Ph.D.  
October 21, 1968.

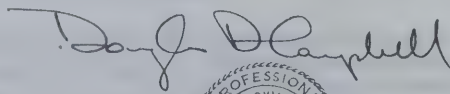

**DOLMAGE, CAMPBELL & ASSOCIATES**  
CONSULTING GEOLOGICAL & MINING ENGINEERS  
808 BANK OF CANADA BUILDING  
VANCOUVER 1, B.C.

CERTIFICATE

I, Douglas D. Campbell, with business and residential addresses in Vancouver, British Columbia, do hereby certify that:

1. I am a consulting geological engineer.
2. I am a graduate of the University of British Columbia, (B.A.Sc., Geological Engineering, 1946) and of the California Institute of Technology, (Ph.D., Economic Geology and Geophysics, 1955).
3. I am a registered Professional Engineer of the Province of British Columbia and the Yukon Territory.
4. From 1946 until 1957 I was engaged in mining and mineral exploration in Canada and the United States as geologist for a number of companies. I was chief geologist for Eldorado Mining and Refining Co. Ltd. when I retired in 1957 to begin private practice as a consulting geologist.
5. For the compilation of this report I have examined all available government and private reports and records and have inspected the workings myself.
6. I have not received, nor do I expect to receive, any interest, directly or indirectly, in the properties or securities of Brown McDade Mines Ltd. or of any company associated with it.

Respectfully submitted,

Douglas D. Campbell, P.Eng.,  
Oct. 21, 1968. Ph.D.

12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.

Mr. Carl Schillig of Tellsgasse 3, Altdorf, Switzerland has a greater than 5% interest in Andros Immobilien Ag. The Company has no further information concerning the shareholders of this Company.

Neither Kurt Gratwohl, nor Hans Willi, Shareholders of Canadawide, nor any other Officer or Director of the Canadawide group of companies has any interest in Andros Immobilien AG of Tellsgasse 3, Altdorf.

The names and addresses of persons having a greater than 5% interest in Peso Silver Mines Ltd. (N.P.L.) are as follows:

Charter Oil Company Limited  
420-475 Howe Street  
Vancouver, B. C.

Royvan & Co.  
c/o The Royal Bank of Canada  
Vancouver, B. C.

Moneta Procupine Mines Ltd.  
420-475 Howe Street  
Vancouver, B. C.

Richardson Securities of Canada  
173 Portage Avenue  
Winnipeg, Manitoba

The names and addresses of persons having a greater than 5% interest in Mount Nansen Mines Ltd. are as follows:

Peso Silver Mines Ltd. (N.P.L.)  
420-475 Howe Street  
Vancouver, B. C.

Richardson Securities of Canada  
173 Portage Avenue  
Winnipeg, Manitoba

Charter Oil Company Limited  
420-475 Howe Street  
Vancouver, B. C.

Northfield Mines Ltd.  
230 Park Avenue  
Suite 1519  
New York, N.Y.

The names and addresses of persons having a greater than 5% interest in Moneta Procupine Mines, Limited are as follows:

Charter Oil Company Limited  
420-475 Howe Street  
Vancouver, B. C.

Canadawide Investments Ltd.  
420-475 Howe Street  
Vancouver, B. C.

NOTE-See Schedule "A" regarding interlocking Officers and Directors in related companies on page 3.

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.

None

14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)

None



<p>15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.</p>	<p>Five Largest Shareholders:</p> <table> <thead> <tr> <th>Name &amp; Address</th><th>Shareholding</th></tr> </thead> <tbody> <tr> <td>Canadawide Investments Limited 420-475 Howe Street Vancouver 1, B. C.</td><td>1,185,482</td></tr> <tr> <td>Merrill, Lynch, Pierce, Fenner &amp; Smith, Inc. 11 King Street West Toronto, Ontario</td><td>79,078</td></tr> <tr> <td>Francis I. duPont Company 630 Dorchester Blvd. Montreal, Quebec</td><td>43,445</td></tr> <tr> <td>Mitchum, Jones &amp; Templeton Inc. 510 S. Spring Street Los Angeles, California</td><td>29,400</td></tr> <tr> <td>Dominick &amp; Dominick Inc. 14 Wall Street New York, N.Y.</td><td>27,662</td></tr> </tbody> </table> <p>The beneficial owners are not known of the shares registered in the name of the brokers.</p>	Name & Address	Shareholding	Canadawide Investments Limited 420-475 Howe Street Vancouver 1, B. C.	1,185,482	Merrill, Lynch, Pierce, Fenner & Smith, Inc. 11 King Street West Toronto, Ontario	79,078	Francis I. duPont Company 630 Dorchester Blvd. Montreal, Quebec	43,445	Mitchum, Jones & Templeton Inc. 510 S. Spring Street Los Angeles, California	29,400	Dominick & Dominick Inc. 14 Wall Street New York, N.Y.	27,662
Name & Address	Shareholding												
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Mitchum, Jones & Templeton Inc. 510 S. Spring Street Los Angeles, California	29,400												
Dominick & Dominick Inc. 14 Wall Street New York, N.Y.	27,662												
<p>16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.</p>	<p>Canadawide Investments Limited, 420-475 Howe Street Vancouver 1, B.C., holder of 1,185,482 Common shares, is deemed to have effective control of the Company. Canadawide is owned 52% by Hans Willi, Zurich, Switzerland, and 48% by Kurt Gratwohl, Zurich, Switzerland.</p>												
<p>17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.</p>	<p>See Financial Statements Attached</p>												
<p>18. Brief statement of any lawsuits pending or in process against company or its properties.</p>	<p>None</p>												
<p>19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.</p>	<p>The Exchange has been furnished with details of a working arrangement with Ponderay Exploration Co. Ltd., Edmonton, Alberta, particulars of which were disclosed in Filing Statement 1644.</p> <p>Reference is made to a lease agreement of the 19th Floor of a building in San Diego. See item 1.</p>												
<p>20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.</p>	<p>There are no other material facts.</p> <p>There are no shares in the course of a primary distribution.</p>												

#### CERTIFICATE OF THE COMPANY

DATED October 2, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

CHARTER OIL COMPANY LIMITED

"H. Willi"

CORPORATE

"E.W. Blessing"

President

SEAL

#### CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)





THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

# THE TORONTO STOCK EXCHANGE

3/4/69  
14/4/69  
1/5/69  
8/5/69  
15/5/69  
26/5/69  
26/5/69

FILING STATEMENT NO. 1700.  
FILED, JUNE 13th, 1969.

CHARTER OIL COMPANY LIMITED

Full corporate name of Company

Incorporated under the laws of the Province of British Columbia

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous

## FILING STATEMENT Filing Statement No. 1655.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

<p>1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.</p>	<p>A. Proposed sale of 65,000 common treasury shares at Canadian \$9.45 or U.S.\$8.75 to Value Line Special Situations Fund, Inc. for investment and not with a view to distribution or sale thereof.</p> <p>B. Increase in authorized share capital from 4,000,000 shares with a nominal or par value of \$1.00 each to 7,500,000 shares with a nominal or par value of \$1.00 each.</p> <p>C. Increase in the number of Directors from 5 to 7 and the election of the following new Directors, Jacques Barbeau, A. Elmer Proznick and Ian Gardner-Smith.</p> <p>D. The Company proposes to issue to a group of four investors in Phoenix, Arizona a \$520,000 Canadian Funds, two year interest free notes convertible into 40,000 treasury shares at thirteen dollars per share. In consideration for these interest free notes, the Company proposes to grant an option to purchase 20,000 treasury shares after one year at \$14.00 per share Canadian and 20,000 treasury shares after two years at \$15.00 per share Canadian. The option to purchase these shares will expire two years and ten days from the date of issue if not exercised, and will not be valid unless the notes are converted. These notes will not be convertible for a period of six months after issue and will be callable at the option of management thereafter. The group of investors consists of Messrs. Virgil G., John R., Waldean J. and Max L. Biegert of 5915 East Exeter Boulevard, Phoenix, Arizona. The shares to be acquired through conversion privileges are for purposes of investment and there is no present intent of resale or distribution.</p> <p>E. The Company proposes to buy an interest in a 21,000 foot well, offset by production, in the Delaware Basin Reeves County, Texas; an interest in a 7,000 foot development well, offset by production, in the Smyre field, Hockley County, Texas; an interest in a semi development well at North West Frankirk, Stonewall County, Texas; an interest in an exploratory well in producing area, Necass, Cass County, Texas. (See also Item 11).</p> <p>F. Incorporation of Charter Counseling Corporation, a wholly owned subsidiary of Charter Capital Corporation, registered under the Investment Advisory Act. Reference is made to the summary forming part of this filing statement (see pages 4, 5 and 6)</p>
<p>2. Head office address and any other office address.</p>	<p>420-475 Howe Street, Vancouver 1, British Columbia.</p>

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Name & Address	Office	Chief Occupation
	Jacques Barbeau, 1998 Hosmer Avenue, Vancouver, B. C.	Director	Barrister & Solicitor, Partner in firm of Barbeau, McKercher, Collingwood & Hanna.
	Edward W. Blessing, 5755 Telegraph Trail, West Vancouver, B.C.	Director & Vice-President.	1963-1965 Harvard Business School. 1965-1968 McKinsey & Co. 1968 to present Charter Oil group of companies.
	Douglas D. Campbell, 2390 West 1st, Vancouver, B. C.	Director	Ph.D. For past ten years has been a Consulting Geologist with Dolmage-Campbell and Assoc., Vancouver.
	F. Les. Croteau, 4861 Marguerite St., Vancouver, B. C.	Director	1964-1966 Can-Tex Producing Co. Limited. 1967 to present Consulting Geological Engineer.
	Ian Gardner-Smith, 1020 La Jolla Rancho, San Diego, California.	Director & Vice-President.	1958-1965 Associated with Shearson Hammill & Co. Inc. 1965 to 1968 Resident Manager of Hayden Stone Inc., San Diego. September 1968 to present President and Director of Charter Capital Corporation.
	A. Elmer Proznick 7350 Rupert St., Vancouver, B. C.	Director & Sec-Treasurer.	Chartered Accountant. From 1961-1965 with Price, Waterhouse & Co. 1965 to present with Charter Oil group of companies.
	Hans Willi, Zurich, Switzerland.	Director & Pres.	Financier and Management Consultant. Employed for last five years by Proconsult Ltd., Management Consultants.
	Messrs. Barbeau, Proznick and Gardner-Smith are new Directors elected at the Annual General Meeting of Shareholders on December 19, 1968. Mr. Lloyd K. Turner was not re-elected.		
4. Share capitalization showing authorized and issued and outstanding capital.	Subsequent to January 31, 1969 and March 31, 1969, 678,669 treasury shares have been issued, bringing the total issued and outstanding to 3,578,670 shares.		
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Assumption of a 7% mortgage payable of approximately \$1,340,451 to Investors Trust Company and assigned to Investors Syndicate Limited as a result of the purchase of Rideau Towers in Calgary, Alberta.		
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	The Company has issued 150,000 treasury shares pursuant to the exercising of options. The Company has not yet received payment for these shares and under the terms of the option agreement these shares will have to be registered with the SEC under the Securities Act of 1933. The shares are being held by the Company for the benefit of the treasury until such time as the Company receives payment for them, after having complied with the requirements concerning registration of the shares.		



<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>See Item (a) and (b)</p>						
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>None</p>						
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>The Company has a 75% interest in 1,700,693 acres on the Arctic Coastal slope and intends to utilize a portion of the funds realized from the "Value Line" transaction for further exploration of this acreage to establish drilling locations. The Company's Consultants, J.C. Sproule and Associates Ltd., are presently drawing up a program which will outline work to be done to establish drilling locations. Until the program is completed, the cost to the Company of this work will not be known. The Company proposes to purchase various interests in drilling programmes in Texas and if all options are taken up, \$429,000 will be needed for this purpose. Reference is made to Item 11 outlining options granted. In addition, \$100,000 will be advanced to Charter Capital Corporation towards the cost of offering the Charter Resource Programme. Approximately \$100,000 of these costs is recoverable from the first four Charter Resource Programmes. Reference is made to Schedule Of Investment In And Advances To Subsidiary And Affiliated Companies, in the financial statements. It was previously reported to shareholders in a letter dated March 24, 1969 that Charter Capital Corporation is also negotiating to acquire all the stock of Mansfield Mills, Inc., an investment counseling firm in San Diego, California. These negotiations have been terminated by mutual agreement and there will be no merger.</p> <p>No funds of the Company will be used for any purpose other than stated in the filing statement and for general administrative expense without prior notice having been accepted for filing by the Toronto, Canadian and Vancouver Stock Exchanges.</p>						
<p>10. Brief statement of company's chief development work during past year.</p>	<p>(A) Further development work has taken place on the Company's interest in 1.7 million acres of land in the Arctic Coastal Plain in the Yukon Territory.</p> <p>(B) A subsidiary company Mount Nansen Mines Limited, has spent to January 31, 1969 a total of \$6,329,154 on exploration, development, buildings and equipment. Since going into production, Mount Nansen has processed the following tonnages:</p> <table data-bbox="782 1666 1001 1746"> <tr> <td>December</td> <td>2,353</td> </tr> <tr> <td>January</td> <td>3,770</td> </tr> <tr> <td>February</td> <td>4,083</td> </tr> </table> <p>On the recommendation of Mount Nansen's Consultants, the cyanidation plant has to be installed to achieve the profits estimated in the feasibility study. Milling has been temporarily suspended until this is achieved. It is expected that milling will be resumed upon completion of the cyanide plant in four to five months. A total of \$600,000 financing bearing interest at the rate of 6-1/2% per annum net, repayable in three years has been received by Mount Nansen. Reference is made to a letter mailed to shareholders March 31, 1969 (see pages 7, 8 and 9)</p>	December	2,353	January	3,770	February	4,083
December	2,353						
January	3,770						
February	4,083						

DESCRIPTION OF CHARTER CAPITAL CORPORATION - AND ITS' PURPOSE:

Charter Capital Corporation was incorporated in late 1968 as a wholly owned subsidiary of Charter Oil Company, Ltd. Charter Capital will offer on a continuing basis (monthly) exploration participation via a relatively new form of organization called a limited partnership. This form of participation is technically a security and therefore must be registered with the Securities and Exchange Commission.

Charter Capital is presently in registration for 20 million dollars and expects that registration to be effective mid to late June, 1969. Charter Capital because it is technically distributing a security is a registered Broker-Dealer with the S. E. C. Charter Capital has made application to become a member of the National Association of Securities Dealers which will allow the company substantial flexibility as to future financial products it might choose to deal in.

The registration is good for 18 months or the sale of the 20 million dollars whichever is first. Charter Capital will re-register another program at that time so as to have offerings on a continuing basis. Charter Capital intends to sell these partnerships via its own direct sales force which presently numbers 30, and it expects to expand to 250. It may also use National Association of Securities Dealer member firms.

Charter Capital will be the general partner in each drilling venture and the public will be the limited partner. The substantial tax benefits available to United States citizens will flow through directly to the limited partners in this method of organization. The Charter Capital program will be offered in \$1,000 units.

Charter Capital as general partner will then purchase from its parent company, Charter Oil Company its drilling programs. Charter Oil Company, Ltd., will



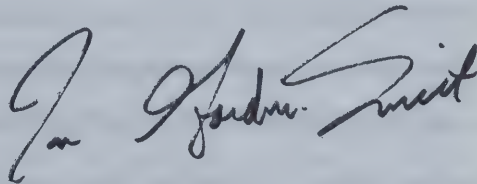
DESCRIPTION OF CHARTER CAPITAL CORP. (continued)

screen, assemble, evaluate and otherwise provide services that will entitle it to an effective mark-up or profit on each drilling program sold to Charter Capital Corporation. The amount of this mark-up will vary depending on competitive and other forces.

Charter Capital Corp., will receive in addition a 3/32 gross over-riding royalty on all oil production sold on behalf of the limited partnerships which it may discount to its parent.

As Charter Capital grows it may offer other proprietary financial products.. but none are presently in organizational stages.

This method of financing allows Charter Oil Company, Ltd., to become an operating oil company, active in exploration while not creating any equity, dilution, or debt, or risk.

A handwritten signature in dark ink, appearing to read "J. Gordon Smith". The signature is written in a cursive, flowing style with a large initial "J" and a long, sweeping underline.

DESCRIPTION OF CHARTER COUNSELING CORPORATION - AND ITS' PURPOSE:

Charter Counseling Corporation was incorporated in late 1968 as a wholly owned subsidiary of Charter Capital Corporation. In the original purpose and organization of Charter Capital Corp., it was intended to engage in a variety of financial products and services. This one was put in a separate corporate form for certain bookkeeping and regulatory reasons. In practice it is part and parcel of Charter Capital Corp., it's statements and tax involvements will be consolidated.

The business of Charter Counseling Corp., is to provide securities management on a fee basis for individual and corporate accounts. The fee is 2% of the first \$50,000 under management and 1% on all over that. The Bank of California acts in most cases as custodian for funds and certificates. Charter Counseling Corp., does not hold any money or securities on behalf of clients. It merely initiates stock transactions on a discretionary basis. It of course has not or will it ever deal in any Charter related company.

To date we have nearly six million dollars under management in eighty accounts. Our direct sales force is offering this service also.

This product is a natural because of the securities background of the management of Charter Capital Corporation.

A handwritten signature in dark ink, appearing to read "J. H. Smith". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.



# MOUNT NANSEN MINES LIMITED

CABLE ADDRESS "NIGERTEX"  
TELEX 04-80847

420-478 HOWE STREET  
VANCOUVER 1, BRITISH COLUMBIA  
CANADA

AREA CODE 604  
TELEPHONE 681-1388

TO THE SHAREHOLDERS:

The Company has, to January 31, 1969 spent on:

Exploration & Development	\$3,534,272.00
Buildings & Equipment, including construction of a mill	<u>2,794,872.00</u>
TOTAL	<u><u>\$6,329,154.00</u></u>

During the past few months the Mount Nansen mill processed the following tonnages:

December	2,353
January	3,770
February	4,083

It had been expected that sulphide ore from the Huestis and the higher grade oxide ore from Webber would be milled at an initial rate of 200 tons per day. Due to construction difficulties, it was not possible to finish the cyanide plant before the middle of December. Cement foundations for the tanks and presses for the cyanide circuit could not be poured because of extremely cold weather experienced in the north country during the past winter. Without the cyanide circuit, it was not possible to treat any Webber ore, since recoveries of gold and silver from the oxide ore would not have been economical. Consequently, only the sulphide ore from the Huestis stopes was treated in the flotation circuit of the mill. Because of this, neither tonnage nor grade came up to the feasibility figures.

The importance of the cyanidation process has been emphasized by our Consultants, Dolmage, Campbell & Associates.

"From the cyanide test results achieved by the Department of Mines in Ottawa in September, 1968, it would appear that the installation of the cyanide plant is of great importance. The economic value of this installation will increase as the transition from the Huestis zone to the Webber zone proceeds. The oxidized nature of the latter zone will be detrimental to flotation recoveries but high recoveries can be achieved with a supplementary cyanide process."

Our Consultants' profitable financial projections were partially based on having the cyanide plant in operation. The construction of this plant, as already explained, was delayed and therefore the cash flow was substantially reduced and resulted in expenditures in excess of the financial resources available and planned for the mill.

However, the Consultants, in their report "Economic Performance of Mount Nansen Operation" dated February 11, 1969, came to the following conclusions:

#### "MINE PERFORMANCE"

Stope preparation and mine development at the Huestis mine are not as advanced as they should be in view of the fact that the Huestis is required to carry all production until the cyanide plant is operable. However, this deficiency is being remedied. It is most critical to the future mine operation that the recommended development program be undertaken without interruption.

The stopes at the Huestis are presently capable of delivering 200 tons per day of profitable ore to the mill and will attain that target in March. The current development drifts will supplement this stope ore.

The Mt. Nansen mine projected production indicates that a progressively increasing gross revenue to about \$300,000 per month in July, 1969, is possible if operating conditions continue to be normal and the recommended development is maintained.

#### MILL PERFORMANCE

The Mt. Nansen mill, without the cyanide circuit, has been satisfactorily tuned-up without serious difficulties. Numerous minor installations and adjustments to the metallurgical procedures should be made to increase the efficiency and reduce the operating costs of the plant; however, these are not critical to the overall profitable operation of the mill.

The cyanide plant is estimated to cost about \$50,000 to put into operation and it is recommended that this be done as soon as possible.



The projected performance of the mill, based on the projected mine production detailed in this report, indicates that a satisfactory and profitable operation will be attained within a few months even without the cyanide plant; with the cyanide plant it will be excellent."

In view of the momentary shortage of capital and the necessity to complete the cyanidation process, the Company has decided to interrupt the milling operation in an effort not to deplete ore reserves for which higher values can be obtained when the cyanidation plant is in operation.

The Company is presently negotiating in the United States and Europe with interested parties who wish to participate in the further development of existing operations.

You will recall that your Company's success in obtaining the original \$1.5 million in senior financing and subsequent sums since is mainly due to two factors:-

- (1) The long-term prospects of silver and gold, both of which have shown an increase over the price at the time the loan was negotiated (silver U.S. \$1.29, gold U.S. \$35 per ounce).
- (2) The properties' excellent reserve potential.

We are therefore confident of being able to conclude satisfactory technical and financial arrangements to continue our operation on which, as you have seen, the Company has already expended a very substantial sum.



B. S. Imrie, P. Eng.,  
General Manager.

# FINANCIAL STATEMENTS

CHARTER OIL COMPANY LIMITED  
Incorporated Under The British Columbia Companies Act

Balance Sheet As At January 31, 1969

## A S S E T S

	January 31 1969	July 31 1968
<b>CURRENT ASSETS</b>		
Cash	\$ 186,376	\$ 358,365
Accounts receivable	169,028	49,397
Marketable securities, at cost, less amounts written off (No quoted market)	300	300
Refundable deposits - current portion	-	63,776
Subscriptions receivable (Note 1)	300,000	-
Prepaid expenses	59,238	1,273
	<u>714,942</u>	<u>473,111</u>
 <b>INVESTMENT IN AND ADVANCES TO SUBSIDIARY AND AFFILIATED COMPANIES, per schedule</b>	 <u>5,042,978</u>	 <u>3,912,703</u>
 <b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>		
Petroleum and natural gas leases and rights together with development thereon		
Producing	157,783	210,045
Less: Accumulated depletion	123,439	156,041
	<u>34,344</u>	<u>54,004</u>
Non-producing	81,861	88,936
	<u>116,205</u>	<u>142,940</u>
 Plant and equipment	 144,431	 141,863
Less: Accumulated depreciation	103,353	99,812
	<u>41,078</u>	<u>42,051</u>
 Apartment land, buildings and equipment	 3,702,426	 -
Less: Accumulated depreciation	28,690	-
	<u>3,673,736</u>	<u>-</u>
 <b>OTHER ASSETS</b>		
Refundable deposits	23,942	14,556
Unamortized expense on issue of debentures	-	8,399
Deferred costs (Note 2)	60,000	-
	<u>83,942</u>	<u>22,955</u>
	 <u><u>\$9,672,881</u></u>	 <u><u>\$4,593,760</u></u>



CHARTER OIL COMPANY LIMITED  
Incorporated Under The British Columbia Companies Act

Balance Sheet As At January 31, 1969

L I A B I L I T I E S

	January 31 1969	July 31 1968
CURRENT LIABILITIES		
Advances from Anlagebank Zurich	\$ 581,085	\$ 81,811
Accounts payable and accrued	82,438	48,459
Advances from affiliated company	37,741	28,500
Current portion of long-term debt	45,000	-
	<u>746,264</u>	<u>158,770</u>
7% MORTGAGE PAYABLE	1,339,615	-
Less: Portion due within one year included in current liabilities	<u>45,000</u>	-
	<u>1,294,615</u>	-
FIFTEEN YEAR 5-3/4% SUBORDINATE CONVERTIBLE DEBENTURES DUE AUGUST 1, 1972 (July 31, 1968, U.S.\$433,000)	-	<u>411,344</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
7,500,000 common shares of \$1.00 each par value (July 31, 1968, 4,000,000 common shares)		
Issued		
2,900,001 shares	2,900,001	2,762,320
Subscribed, unissued (Note 3)		
678,669 shares	<u>678,669</u>	<u>130,000</u>
	3,578,670	2,892,320
CAPITAL SURPLUS	<u>4,916,984</u>	<u>2,137,555</u>
	8,495,654	5,029,875
DEFICIT	<u>863,652</u>	<u>1,006,229</u>
	7,632,002	4,023,646
	<u>\$9,672,881</u>	<u>\$4,593,760</u>

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

CHARTER OIL COMPANY LIMITED

Schedule Of Investment In And Advances To  
Subsidiary And Affiliated Companies  
As At January 31, 1969

	<u>Shares</u>	<u>% Owned</u>	<u>Carrying Value</u>
<b>INVESTMENTS</b>			
Moneta Porcupine Mines, Limited	1,355,150	50.12	\$2,107,915
Peso Silver Mines Limited	883,487	17.76	1,174,646
Mount Nansen Mines Limited	582,500	7.61	288,250
Brown-McDade Mines Limited	2,541,318	63.95	448,374
Charter Capital Corporation	250	100.00	268,359
			<u>4,287,544</u>
 <b>ADVANCES, at cost</b>			
Mount Nansen Mines Limited			729,397
(Advance of \$700,000 plus accrued interest)			23,959
Canadawide Investments Limited			1,977
Charter Capital Corporation			101
Other			<u>755,434</u>
			<u>\$5,042,978</u>

Notes To Financial Statements  
January 31, 1969

- Note 1. Subscriptions receivable represents amount due in connection with stock options on 150,000 common shares which were exercised by certain officers and directors prior to the commencement of the year.
- Note 2. The deferred costs represent the then market value of 5,000 Charter Oil Company shares to be issued to The Irvin J. Kahn Organization in consideration for changing the name of a building in San Diego to Charter Oil Building,
- Note 3. The following shares have been subscribed for:
- |   |                |
|---|----------------|
| By former officers and directors                                      | 150,000        |
| Messrs. Saager and Buhler   | 130,000        |
| Peso Silver Mines Limited for Brown McDade Mines Limited shares       | 195,958        |
| Moneta Porcupine Mines, Limited for Brown-McDade Mines Limited shares | 3,624          |
| The Irvin J. Kahn Organization  | 5,000          |
| For purchase of Rideau Towers   | 194,087        |
|   | <u>678,669</u> |



CHARTER OIL COMPANY LIMITED

Statement Of Deficit  
For Six Months Ended January 31, 1969

Balance at July 31, 1968	\$1,006,229
Gain for the period	<u>142,577</u>
Balance January 31, 1969	\$ 863,652

Statement Of Capital Surplus  
For Six Months Ended January 31, 1969

Balance at July 31, 1968	\$2,137,555
Excess of conversion price of debentures over par value of shares issued	\$ 224,864
Excess of cost of assets acquired over par value of shares subscribed	<u>2,554,565</u>
	<u>2,779,429</u>
Balance January 31, 1969	<u>\$4,916,984</u>

Statement Of Income And Deficit  
For Six Months Ended January 31, 1969  
(with comparative figures for January 31, 1968)

	<u>1969</u>	<u>1968</u>
INCOME		
Production income	\$ 14,595	\$ 13,958
Royalty income	3,359	5,834
Apartment rentals	<u>161,953</u>	<u>-</u>
	<u>179,907</u>	<u>19,792</u>
EXPENSES		
Exploration	38,975	7,340
Well operating	14,055	15,490
Depletion	6,408	6,408
Depreciation	32,231	3,542
General and administrative	101,683	48,089
Apartment occupancy and services	<u>56,584</u>	<u>-</u>
	<u>249,936</u>	<u>80,869</u>
Operating loss	<u>70,029</u>	<u>61,077</u>
OTHER DEDUCTIONS (Income)		
Debenture interest, issue and exchange expense	27,088	30,096
Other interest expense	1,930	10,048
Gain or loss on disposal of assets	1,760	(664)
Mortgage interest	31,118	-
Interest, dividends and other	<u>(30,599)</u>	<u>(1,696)</u>
	<u>31,297</u>	<u>37,784</u>
LOSS BEFORE EXTRAORDINARY ITEMS	<u>101,326</u>	<u>98,861</u>
Gain on disposal of 25% interest on petroleum and natural gas properties	243,903	-
Net income (loss) for the period	<u>\$142,577</u>	<u>(\$ 98,861)</u>

CHARTER OIL COMPANY LIMITED

Statement Of Source And Application Of Funds  
For Six Months Ended January 31, 1969

SOURCE OF FUNDS

Subscriptions receivable (Note 1)	\$300,000
Net income from operations	142,577
Add: Items not requiring a current outlay of cash	
Depletion	6,408
Depreciation	32,231
Amortization of debenture issue expense	23,866
Disposal of fixed assets	32,241
	<u>537,323</u>

APPLICATION OF FUNDS

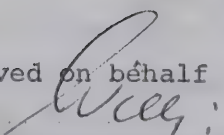
Investment in and advances to affiliates	696,590
Redemption of subordinate convertible debentures	112,060
Additions to plant, property, equipment and related costs	19,114
Increase in refundable deposits	9,386
Reduction of long-term debt	836
Current portion of long-term debt	45,000
	<u>882,986</u>


DECREASE IN WORKING CAPITAL 345,663

WORKING CAPITAL AT BEGINNING OF PERIOD 314,341

WORKING CAPITAL DEFICIENCY AT END OF PERIOD \$ 31,322

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



CHARTER CAPITAL CORPORATION  
 CHARTER CAPITAL  
 BALANCE SHEET  
 APRIL 30, 1969

	Initials	Date
Prepared By		
Approved By		

	(1)	(2)	(3)	(4)
<b>ASSETS</b>				
CASH ON HAND AND IN BANKS				566539
ADVANCES TO EMPLOYEES				749357
ACCOUNTS RECEIVABLE - OTHER				114183
PREPAID EXPENSES AND DEPOSITS				3524884
PLAN OFFERING COSTS				3574884
ORGANIZATION EXPENSE (NET)				208984
INVESTMENT IN CHARTER COUNSELING				1000000
FURNITURE AND EQUIPMENT				13800
TOTAL ASSETS				9764649
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
ACCOUNTS AND CONTRACTS PAYABLE				5486743
ACCRUED PAYROLL TAXES AND DEDUCTIONS				413816
FUNDS RECEIVED FROM CHARTER COUNSELING				1834000
FUNDS RECEIVED FROM CHARTER OIL				2000000
STOCKHOLDER'S EQUITY				
Common Stock			2500000	
PAID IN SURPLUS			71500000	
TOTAL			75000000	
DEDUCT: EXCESS OF EXPENSES OVER INCOME			24971930	28072
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY				9764629

*Ian Gardner-Smith*

Ian Gardner-Smith, Director  
 Charter Capital Corporation

*Richard C. Vance*

Richard C. Vance, Director  
 Charter Capital Corporation

CHARTER CAPITAL CORPORATION

	Initials	Date
Prepared By		
Approved By		

CHARTER CAPITAL  
STATEMENT OF INCOME AND EXPENSE  
FOR THE PERIOD OCT 1, 1968 TO APRIL 30, 1969

	(1)	(2)	(3)	(4)
1	EXPENSES			
2	ADVERTISING	412098		
3	BUSINESS PROMOTION	593160		
4	DUES AND SUBSCRIPTIONS	146533		
5	PRINTING AND STATIONERY	893951		
6	AMORTIZATION OF ORGANIZATION EXPENSE	71361		
7	FURNITURE AND EQUIPMENT RENTAL	178160		
8	INSURANCE - GROUP	29971		
9	INSURANCE - WORKMENS COMPENSATION	30000		
10	MISCELLANEOUS	41781		
11	OFFICE SUPPLIES AND EXPENSE	64951		
12	PAYROLL TAXES	566978		
13	LEGAL AND ACCOUNTING	6539233		
14	RENT	3200000		
15	REPAIRS AND MAINTENANCE	247151		
16	SALARIES - ADMINISTRATIVE	1058000		
17	SALARIES - SALESMEN	3171805		
18	SALARIES - OFFICERS	6213800		
19	SECRETARIAL SERVICE	282059		
20	TAXES AND LICENSES	221500		
21	TELEPHONE AND TELEGRAPH	837553		
22	TRAVEL AND MEETINGS	680395		
23	SALESMEN'S COMMISSIONS	246000		
24	TOTAL EXPENSES			26163713
25	OTHER INCOME			
26	INTEREST INCOME	268184		
27	GAIN ON SALE OF FURNITURE & EQUIPMENT	1023599		
28	TOTAL OTHER INCOME			1291783
29				
30	EXCESS OF EXPENSES OVER INCOME			24971930
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				



CHARTER COUNSELING CORPORATION

CHARTER COUNSELING  
BALANCE SHEET  
APRIL 30, 1969

	Initials	Date
Prepared By		
Approved By		

	(1)	(2)	(3)	(4)
	<b>ASSETS</b>			
1	CASH IN BANK			271809
2	PREPAID EXPENSES			690513
3	INTERCOMPANY CLEARING ACCOUNT - CHARTER CAPITAL			1851000
4	ACCOUNTS RECEIVABLE			34055
5	TOTAL ASSETS			2830387
6	<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
7	ACCOUNTS PAYABLE			761789
8	ACCRUED PAYROLL			300000
9	PAYROLL DEDUCTIONS AND ACCRUED TAXES			80700
10	STOCKHOLDER'S EQUITY			
11	COMMON STOCK	1000000		
12	NET INCOME - SEE BELOW	687898		1687898
13	TOTAL LIABILITIES & STOCKHOLDERS EQUITY			2830387
14	<b>STATEMENT OF INCOME AND EXPENSE</b>			
15	<b>FOR THE PERIOD OCTOBER 1968 TO APRIL 30, 1969</b>			
16	FEE - CREDITED BY BANK OF CALIFORNIA			4663745
17	EXPENSES:			
18	BUSINESS PROMOTION	34196		
19	DUES & SUBSCRIPTIONS	74330		
20	PRINTING	446184		
21	INSURANCE	7500		
22	INSURANCE - GROUP	(19971)		
23	MISCELLANEOUS	3145		
24	OFFICE SUPPLIES AND EXPENSE	83471		
25	PAYROLL TAXES	73786		
26	LEGAL AND ACCOUNTING	467665		
27	SALARIES - ADMINISTRATIVE	776645		
28	SALARIES - OFFICERS	1804500		
29	SECRETARIAL SERVICE	20550		
30	TAXES & LICENSES	20000		
31	TELEPHONE & TELEGRAPH	14441		
32	TRAVEL & MEETINGS	19300		
33	BANK CUSTODIAN FEE	680600		
34	TOTAL EXPENSES			3984141
35	EXCESS OF INCOME OVER EXPENSES			679563
36	ADD: INTEREST INCOME			8335
37	NET INCOME			687898



11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>The Company has been granted the following options by</p> <p style="text-align: center;">Eugene E. Nearburg 3303 Lee Parkway DALLAS, TEXAS 75219</p> <p>A. To purchase up to 6% interest in a 21,000 foot well, offset by production, in the Delaware Basin, Reeves County, Texas at a cost of U.S. \$26,500 per each 1% of interest purchased.</p> <p>B. To purchase up to 50% interest in a 7,000 foot development well, offset by production in the Smyre field, Hockley County at a cost of U.S. \$1,200 per each 1% of interest purchased.</p> <p>C. To purchase up to a 50% interest in a stepout well at North West Frankirk, Stonewall County, Texas at a cost of U.S. \$1,200 per each 1% of interest purchased.</p> <p>D. To purchase up to a 50% interest in an exploratory well in a producing area in Necass, Cass County, Texas, at a cost of U.S. \$3,000 per each 1% of interest purchased.</p> <p>The options granted May 1, 1969 represent arms-length transactions and are at no cost to the Company. The options will expire May 19, 1969.</p> <p>Subsequent to the date of this filing statement, the Company has exercised its option to acquire the various interests in full in the above mentioned projects. The remaining interests are to be taken up by major oil companies.</p>										
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	See Item 11 above.										
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None.										
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None.										
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>Names, addresses and shareholdings of five largest registered shareholders.</p> <table> <tr> <td>Francis I. Dupont, 630 Dorchester Blvd., Montreal, Quebec.</td> <td style="text-align: right;">983,565</td> </tr> <tr> <td>Hayden Stone Inc., 25 Broadway, New York, New York.</td> <td style="text-align: right;">129,748</td> </tr> <tr> <td>Merrill, Lynch, Pierce, Fenner &amp; Smith, 11 King Street, Toronto, Ontario.</td> <td style="text-align: right;">68,107</td> </tr> <tr> <td>Dean Witter &amp; Co., 2 Broadway, New York.</td> <td style="text-align: right;">55,697</td> </tr> <tr> <td>Bankmont &amp; Co., Bank of Montreal, Montreal, Quebec.</td> <td style="text-align: right;">50,825</td> </tr> </table> <p>The beneficial owner of most of the shares registered in the name of Francis I. Dupont is Canadawide Investments Limited. The beneficial owners of shares held by other brokers are not known.</p>	Francis I. Dupont, 630 Dorchester Blvd., Montreal, Quebec.	983,565	Hayden Stone Inc., 25 Broadway, New York, New York.	129,748	Merrill, Lynch, Pierce, Fenner & Smith, 11 King Street, Toronto, Ontario.	68,107	Dean Witter & Co., 2 Broadway, New York.	55,697	Bankmont & Co., Bank of Montreal, Montreal, Quebec.	50,825
Francis I. Dupont, 630 Dorchester Blvd., Montreal, Quebec.	983,565										
Hayden Stone Inc., 25 Broadway, New York, New York.	129,748										
Merrill, Lynch, Pierce, Fenner & Smith, 11 King Street, Toronto, Ontario.	68,107										
Dean Witter & Co., 2 Broadway, New York.	55,697										
Bankmont & Co., Bank of Montreal, Montreal, Quebec.	50,825										

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Canadawide Investments Limited, 420-475 Howe Street, Vancouver 1, B. C., holder of 985,748 common shares, is deemed to have effective control of the Company. Canadawide is owned 52% by Hans Willi and 48% by Kurt Gratwohl, both of Zurich, Switzerland.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See Financial Statements attached.
18. Brief statement of any lawsuits pending or in process against company or its properties.	An action has been commenced by the British Columbia Securities Commission against the Company for failure to file with the B. C. Securities Commission a copy of an Information Circular, Notice of Annual General Meeting of Shareholders and Proxy Statement distributed in connection with a meeting of shareholders of Charter Oil Company Limited, contrary to the form of the Statute and Regulation in such case made and provided.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts.  There are no shares in the course of a primary distribution.

DATED April 7, 1969.

#### CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

Hans Willi, Pres.  
& Dir.

Edward W. Blessing,  
Vice-Pres & Dir.

CERTIFICATE OF UNDERWRITER OR OPTIONEE

CORPORATE  
SEAL

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)





NEW ISSUE

**600,000 Shares**

(No par value)

**CHARTER OIL COMPANY LIMITED**

(Incorporated under the laws of the Province of British Columbia)

The Common Shares are of no par value, and will be issued as fully paid and non-assessable carrying voting rights of one vote per share. Dividends, if, as and when declared by the Board of Directors, will be payable by cheque at par at any branch of the Company's Bankers in Canada.

**Transfer Agent and Registrar**

**The Canada Trust Company, Toronto and Vancouver  
The Toronto General Trusts Corporation, Calgary**

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**Capitalization**

(Upon completion of this financing)

	Authorized	Issued
Debentures .....	\$1,000,000	
5% Convertible Sinking Fund Debentures, Series "A" .....		\$600,000
Common Shares, no par value .....	2,000,000 shares	995,002 shares

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**The Company has made application to list these Common Shares on The Toronto Stock Exchange.**

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We, as principals, offer these Common Shares, if, as and when issued and received by us subject to prior sale and change in price and subject to the approval of Counsel Messrs. Farris, Stultz, Bull and Farris, Vancouver.

**PRICE: \$1.00 per share**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that interim share certificates, exchangeable for definitive share certificates, when available, will be ready for delivery on or about October 5, 1950.





NEW ISSUE

**\$600,000**

**CHARTER OIL COMPANY LIMITED**

(Incorporated under the laws of the Province of British Columbia)

**5% Convertible Sinking Fund Debentures, Series "A"**

To be dated October 1, 1950

To mature October 1, 1962

Principal and half-yearly interest (April 1 and October 1), and redemption premium, if any, payable in lawful money of Canada at par at the principal office of the Company's Bankers in the cities of Vancouver, Victoria, Edmonton, Calgary, Winnipeg, Toronto and Montreal. Coupon Debentures in denominations of \$1,000 and \$500 registrable as to principal only. Redeemable at the option of the Company in whole at any time or in part from time to time, on not less than 30 days' prior notice, at 105 up to and including October 1, 1953, thereafter at 104 up to and including October 1, 1956, thereafter at 103 up to and including October 1, 1958, thereafter at 102 up to and including October 1, 1960, and thereafter prior to maturity at 101; in each case with accrued interest to the date fixed for redemption.

The trust deed will provide for a Sinking Fund for the 5% Convertible Sinking Fund Debentures, Series "A", into which the Company will covenant to pay an amount equal to 30% of the Company's net operating income for the preceding fiscal year, after all operating charges and debenture interest, but before deducting exploration and development costs and income taxes (such amount not to exceed \$75,000 in any one year) for each fiscal year commencing with the fiscal year ending 1951; said sinking fund monies to be paid to the Trustee on October 1 in each of the years 1951 to 1961 inclusive.

**Conversion Privilege**

The 5% Convertible Sinking Fund Debentures, Series "A", will be convertible, at the option of the holder, at any time up to the close of business October 1, 1955, unless previously redeemed, into fully paid and non-assessable shares in the capital stock of the Company, as presently constituted, on the following basis:

- at the rate of 650 shares per \$1,000 principal amount of Debentures up to the close of business October 1, 1952; thereafter
- at the rate of 500 shares per \$1,000 principal amount of Debentures up to the close of business October 1, 1954; and thereafter
- at the rate of 400 shares per \$1,000 principal amount of Debentures up to the close of business October 1, 1955.

In the event that these Series "A" Debentures are called for redemption on or before October 1, 1955, the right of conversion may be exercised up to the close of business on the day immediately preceding the redemption date. Upon any conversion, no allowance will be made for accrued interest to the date of conversion, but shares in the capital stock of the Company issued upon the conversion of Debentures converted prior to the record date for payment of any dividend on shares of the same class will qualify for such dividend. The trust deed will provide that in the event of (a) any reduction in the number of shares in the capital stock of the Company outstanding due to consolidation thereof, or (b) any increase in the number of such shares due to subdivision thereof or to any stock dividend, an appropriate adjustment shall be made in the number of shares issuable pursuant to such conversion privilege subsequent to any such change in the number of outstanding shares becoming effective.

**Stock Purchase Warrants**

There will be attached to the Series "A" Debentures, detachable bearer warrants entitling the holders thereof to purchase Common Shares from the Treasury of the Company on the following basis:

- to purchase 100 shares per each \$1,000 Debenture held at a price of \$1.50 per share on or before October 1, 1952;
- to purchase 100 shares per each \$1,000 Debenture held at a price of \$2.00 per share on or before October 1, 1954;
- to purchase 100 shares per each \$1,000 Debenture held at a price of \$2.50 per share on or before October 1, 1955.

In the event of conversion or redemption of the Series "A" Debentures, the holder may detach and retain these Stock Purchase Warrants for execution any time up to the dates specified.

**Trustee: The Canada Trust Company, Vancouver.**

We, as principals, offer these 5% Convertible Sinking Fund Debentures, Series "A", if, as and when issued and received by us, subject to prior sale and change in price and subject to the approval of Counsel Messrs. Farris, Stultz, Bull and Farris, Vancouver.

**PRICE: 100 and accrued interest to yield 5%**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Debentures in interim form or Trustee's Interim Certificates, exchangeable for Definitive Debentures, when available, will be ready for delivery on or about October 5, 1950.

## Charter Oil Company Limited

Calgary, Alberta,  
September 15th, 1950.

Messrs.:

Lauder Mercer & Company Ltd., Vancouver;  
Bankers Bond Corporation Limited, Toronto.

Dear Sirs:

In connection with the new issue of \$600,000 principal amount of 5% Convertible Sinking Fund Debentures Series "A", and 600,000 Common Shares of Charter Oil Company Limited, I have pleasure in providing the following information:

### The Company

Charter Oil Company Limited was incorporated under the laws of the Province of British Columbia on June 22nd, 1950, to engage in the acquisition, exploration and development of oil and gas lands. The authorized capitalization was increased and the company was converted from a private to a public company on September 15th, 1950.

The Company's operations are being particularly directed towards the acquisition of interests in producing oil wells and the acquisition of proven, or semi-proven oil land leases, either through the purchase of such oil properties by private negotiation or by participation in tenders from time to time at auctions of Crown leases by the Province of Alberta. It is the intention of the Company to continue to participate in tendering for such Crown oil leases as are offered. The Province of Alberta controls substantial acreage adjoining such oil fields as Redwater-Simmons, Golden Spike, Stettler, Normandville and others. When the Province puts such acreage up for tender, there will be opportunities to acquire further proven or semi-proven oil land leases.

It is the policy of the Company to balance its operations between development and exploration for oil in such a way that the maximum opportunity is afforded with the minimum risk. The purchase of oil land leases to date and the development of properties thereunder have been carried out in association with other companies engaged in the same type of business.

### Producing Properties

The acquisition and development of oil lands in Alberta are subject to the regulations of the Provincial Government since the mineral rights to the greater part of the land area of that Province are vested in the Crown.

On August 31st, 1950, the Company had varying interests in twenty-three producing oil wells which are located in the Redwater field of Alberta. Three locations have not been drilled to completion at the present time. These locations are on proven property adjacent to wells already producing in the Redwater field as shown in the following table:

	% Interest	Description	No. of Wells Produc- ing	Loca- tions	Completion Dates
(1)	*35%	NW. ¼ Sec. 22-56-21-W. 4	3	0	March-June, 1950.
(2)	½ of 1%	SW. ¼ Sec. 23-57-21-W. 4	4	0	October-December, 1949.
(3)	½ of 1%	NW. ¼ Sec. 17-58-22-W. 4	2	0	December, 1949.
(4)	½ of 1%	NE. ¼ Sec. 17-58-22-W. 4	4	0	November, 1949-January, 1950.
(5)	½ of 1%	LSD. 4 Sec. 23-58-22-W. 4	1	0	December, 1949.
(6)	5%	NE. ¼ Sec. 35-56-21-W. 4	4	0	July-September, 1950.
(7)	5%	NW. ¼ Sec. 34-56-21-W. 4	3	1	Drilling program started July 11, 1950.
(8)	5%	NW. ¼ Sec. 4-56-21-W. 4	2	2	Drilling program started July 11, 1950.
TOTAL			23	3	

\*Charter Oil Company Limited obtains 45% of the production from these three wells until such time as the amount of money paid for their interest in these wells has been returned.  
All the above are subject only to Government Royalty.

### Recoverable Oil Reserves

Based on reports of consulting engineers, copies of which form part of this prospectus, and on estimates as prepared for other companies having participating interests in the same properties as the Company, the net equity of Charter Oil Company Limited in proven recoverable oil reserves is as follows:

In producing properties.....	1,043,500 barrels
In proven but not producing properties.....	108,000 barrels
	<hr/> 1,151,500 barrels

The above estimate of oil reserves does not include the ½ of 1% interest in eleven producing wells which were purchased from G. Maxwell Bell, nor does it include possible oil recovery from wells to be drilled on the eleven reservations in which the Company has an interest under the Benedum & Trees agreement. In estimating the recoverable oil reserves, it has become standard practice to allow for recovery of only 40% of the total estimated reserves in the ground, which practice was followed in arriving at the above figures.

Valuing the Company's net share of these proven oil reserves at \$1.00 per barrel (the present market price is \$2.88), results in an indicated value of \$1,151,500.00. This equity will form an important part of the security behind the \$600,000 of 5% Convertible Sinking Fund Debentures Series "A". On this basis, the net assets behind the Series "A" Debentures, without giving regard to the value of other properties, but after giving effect to completion of present financing, are as follows:

Estimated value of productive reserves.....	\$1,151,500.00
Net Current Assets.....	536,496.35
	<hr/> \$1,687,996.35

Equivalent to \$2,813.15 per \$1,000 Series "A" Debenture.



Following are reports from Dr. A. W. Nauss, Geologist, on the estimated recoverable oil reserves in which the Company has an interest, certified copies of which are in the Company's office:

June 10, 1950.

"Pacific Petroleum Limited,  
304 Toronto General Trust Building,  
Calgary, Alta.

Attention: Mr. John Maberry

Dear Sirs:

The total estimated recoverable reserves for the three L. S. D.'s under consideration in Section 22, Township 56, Range 21, West of the 4th is 1,600,000 barrels estimated as follows:

Simmons No. 1 LSD 14 KB 2046 Top of D3-1164; Porous thickness 49 feet—Recoverable oil 490,000 barrels  
Simmons No. 2 LSD 11 KB 2046 Top of D3-1157; Porous thickness 64 feet—Recoverable oil 640,000 barrels  
Simmons No. 3 LSD 12 KB 2048 Top of D3-1177; Porous thickness 47 feet—Recoverable oil 470,000 barrels.

Yours very truly,

(Signed) A. W. NAUSS."

September 11, 1950

"Charter Oil Company Limited  
c/o Mr. John Maberry,  
304 Toronto General Trusts Building,  
Calgary, Alberta.

Dear Sir:

The total estimated recoverable reserves for the three quarters under consideration in Sections 4, 34 and 35 in Townships 56 and 57, Range 21, West of the 4th Meridian is 8,630,000 barrels. The estimated recoverable per quarter-section is as follows:

Northwest $\frac{1}{4}$ 4, 56, 21, West 4th.....	960,000 barrels
Northwest $\frac{1}{4}$ 34, 56, 21, West 4th.....	1,550,000 barrels
Northeast $\frac{1}{4}$ 35, 56, 21, West 4th.....	6,120,000 barrels
	<hr/>
	8,630,000 barrels

Yours very truly,

LINK & NAUSS  
(Signed) A. W. NAUSS."

### Certificate

I, Arthur William Nauss, of Calgary, in the Province of Alberta, Geologist, hereby certify as follows:

- That I reside at Calgary in the Province of Alberta, and am by profession a petroleum geologist.
- That I graduated as a geologist from the University of New Brunswick with the degree of Bachelor of Science in the year 1939; I obtained the degree of Master of Science at McGill University in the year 1940; and I obtained the degree of Doctor of Philosophy from Stanford University in the year 1943. I am a member of the American Association of Petroleum Geologists.
- I have no interest, directly or indirectly, nor do I expect to receive any interest directly or indirectly, in the properties described in the Report submitted herewith nor have I any interest present or expected in the securities of the Company.
- The author visited the properties under consideration during the month of May, 1950, and has based his calculations upon his knowledge of the field and available well data.

(Signed) "A. W. NAUSS."

The properties referred to in the above report dated June 10th, 1950, are those designated as Number (1) in the schedule of "Producing Properties" on page 4 of this prospectus. The Company's present interest is 45% of the estimated 1,600,000 barrels of recoverable oil, or 720,000 barrels. All of these properties are now producing. It will be noted that the Company's eventual interest in these properties is 35%, and the conditions affecting the extent of the Company's interest are set out under Section (1) of the Statutory information attached hereto.

The properties referred to in the above report dated September 11th, 1950, are those designated as Numbers (6) to (8) inclusive in the schedule of "Producing Properties" on page 4 of this prospectus. The Company's interest is 5% of the estimated 8,630,000 barrels, or 431,500 barrels, of which 323,500 barrels is in wells now producing and 108,000 barrels in drill-sites not yet producing.

In addition to the properties reported upon above, the Company has an interest of  $\frac{1}{2}$  of 1% in the properties designated as Numbers (2) to (5) inclusive in the schedule of "Producing Properties" on page 4 of this prospectus. No detailed Geologist's reports are available on these properties and the Company's share of recoverable oil reserves therein is not included above.

### Other Properties

In recent months the Benedum & Trees Group of Pittsburgh, Pa., one of the world's largest oil engineering companies, in partnership with Central Leduc Oils Limited and associate companies, have carried on geophysical exploration on eleven Crown Reservations totalling 631,173 acres in Central and Northwestern Alberta. Seven of these reservations are in the Northwestern Section (Normandville-Peace River area) and the other four in Central Alberta (Stettler District). Benedum & Trees owned an approximate 60% interest in this venture and have to date spent \$400,000 on exploration and seismographing.

Charter Oil Company Limited, in conjunction with Pacific Petroleum Limited, Calvan Petroleum Limited and associated companies, have acquired from the Benedum & Trees Group 50% of their interest in these reservations. Charter Oil Company Limited owns a 20% interest in this group.

Under the terms of the acquisition, the associate companies undertake to continue seismic and other geophysical exploration, including drilling of wells up to a maximum expenditure of \$400,000, after which the associate companies share future development costs jointly with Benedum & Trees. The associate companies now become operators of the project, working in close association with Benedum & Trees and Central Leduc Oils Limited.

Present plans include the immediate drilling of two wells located on acreage which is highly recommended by seismograph reports received from Benedum & Trees. The reservation numbers and approximate acreage in these reservations are listed below:

Reservation Block 914 Northwestern Alberta . . .	99,360 acres	Reservation Block 829 Central Alberta . . . . .	47,205 acres
" " 915 " " " " " "	99,840 "	" " 842 " " " "	12,960 "
" " 916 " " " " " "	99,840 "	" " 862 " " " "	19,360 "
" " 917 " " " " " "	99,840 "	" " 863 " " " "	17,568 "
" " 920 " " " " " "	99,840 "		
" " 977 " " " " " "	15,360 "		
" " 993 " " " " " "	20,000 "		
	534,080 "		97,093 "

Total: 631,173 acres.

## Oil Conservation and Marketing

As a conservation measure to assure the maximum recovery of petroleum from any producing area over a period of time, production of oil in Alberta is controlled by Provincial statutes and regulations, the application of which is subject to change as necessitated by changing circumstances. Under such statutes and regulations, the output from producing wells in a given field is restricted through the establishment of maximum allowable daily rates of production, such rates varying from field to field. Since potential production is presently in excess of refining capacity in the areas in which oil can be marketed, production is also subject to voluntary pro-rating which is effected by establishing from time to time the number of barrels per well which refiners accept from producers in the various fields. It is the present practice for refiners to accept deliveries on a pro-rata basis, which is equitable to all producers. The rate of acceptance by refiners from wells in the Redwater field is presently substantially below the allowable rate of production established by the Province. The effect of Provincial controls and the voluntary pro-rating of production is to provide for the orderly production and marketing of oil from Alberta fields.

The output of the producing wells in which Charter Oil Company Limited has an interest is presently marketed through British American Oil Company Limited and Imperial Oil Limited.

With the completion of the Interprovincial Pipe Line from Edmonton to Superior, Wisconsin, estimated for early in 1951, deliveries from Redwater wells are expected to increase considerably from current figures of approximately 60 barrels a day per well. At the same time while daily production figures should increase, prices will be competitive with Eastern and Central markets. Taking these factors into account, it is reasonable to assume that the indicated increase in production will more than offset any change in the average field price for oil.

## Estimated Revenues

For purposes of estimating gross annual revenue for the Company from its interest in presently proven properties, a daily production of 60 barrels per well at a field price of \$2.88 per barrel and an operating year of 350 days has been taken. Government royalty of 12½% has been assumed and the cost of producing the oil (lifting cost) has been taken at the usual rate of 20 cents per barrel. On this basis, the annual net revenue to Charter Oil Company Limited, before deducting depreciation, depletion and income taxes, would be \$97,680.00.

This estimate of revenue contemplates an annual production out of the Company's reserves of approximately 42,000 barrels or less than 1/27th of the Company's total estimated proven recoverable oil reserves.

To the extent that funds on hand available for acquisition and development of additional proven oil lands are successfully employed, this revenue would be augmented accordingly.

It is not possible to appraise the productive possibilities of the Company's interest in other developments at the present time and no allowance for possible income from this source is made.

## Board of Directors

The Board of Directors and personnel is comprised of experienced oil company executives, business and professional men.

President . . . . .	JOHN O. MABERRY, Calgary.	General Manager, Pacific Petroleum Limited.
Vice-President . . . . .	G. MAXWELL BELL, Calgary.	President, Calvan Petroleum Limited.
Director . . . . .	SENATOR J. W. DEB. FARRIS, Vancouver.	Partner, Messrs. Farris, Stultz, Bull & Farris, Barristers and Solicitors; Director, Famous Players Canadian Corporation Ltd.
Director . . . . .	WILDER RIPLEY, Calgary.	Director, Calvan Petroleum Limited.
Director . . . . .	GEORGE L. MCMAHON, Calgary.	President, Atlantic Oil Company Ltd.; Director, Pacific Petroleum Limited.
Director . . . . .	A. F. MERCER, Vancouver.	Vice-President, Lauder Mercer & Company Ltd.
Director . . . . .	M. C. DEANS, Toronto.	President, Bankers Bond Corporation Limited.

## Conversion Privilege on Debentures

The Series "A" Debentures will be convertible at the option of the holder at any time up to the close of business October 1st, 1955, unless previously redeemed, into fully paid and non-assessable shares in the capital stock of the Company as presently constituted, on the following basis: at the rate of 650 shares per \$1,000 principal amount of Debentures up to the close of business October 1st, 1952, thereafter at the rate of 500 shares per \$1,000 principal amount of Debentures up to the close of business October 1st, 1954, and thereafter at the rate of 400 shares per \$1,000 principal amount of Debentures up to the close of business October 1st, 1955.

In the event that Series "A" Debentures are called for redemption on or before October 1st, 1955, the right of conversion may be exercised up to the close of business on the day immediately preceding the redemption date. Upon any conversion, no allowance will be made for accrued interest to the date of conversion, but shares in the capital stock of the Company issued upon the conversion of Debentures converted prior to the record date for payment of any dividend on shares of the same class will qualify for such dividend. In the case of any Series "A" Debentures being called for redemption on or before October 1st, 1955, the conversion rate applicable in the case of conversions made prior to the redemption date for such Series "A" Debentures shall be conversion rate applicable in effect at the time of the publication of the first notice of redemption. The trust deed will provide that in the event of (a) any reduction in the number of shares in the capital stock of the Company outstanding, due to consolidation thereof, or (b) any increase in the number of such shares due to subdivision thereof, or to any stock dividend,



an appropriate adjustment shall be made in the number of shares issuable pursuant to such conversion privilege subsequent to any such change in the number of outstanding shares becoming effective.

### Stock Purchase Warrants

Attached to each Series "A" Debenture will be detachable bearer warrants entitling the holder to purchase Common Shares from the Treasury of the Company on the following basis:

- (a) 100 shares per \$1,000 Debenture held at a price of \$1.50 per share on or before October 1st, 1952;
- (b) 100 shares per \$1,000 Debenture held at a price of \$2.00 per share on or before October 1st, 1954;
- (c) 100 shares per \$1,000 Debenture held at a price of \$2.50 per share on or before October 1st, 1955.

In the event of redemption or conversion of Series "A" Debentures, the holder may detach these Stock Purchase Warrants for exercising any time up to the dates specified.

### Sinking Fund

The trust deed will provide for a sinking fund for the Series "A" Debentures into which the Company will covenant to pay on October 1st in each of the years 1951 to 1961 inclusive, an amount equal to 30% of the Company's net operating income, after all operating charges and debenture interest, but before deducting exploration and development costs and income taxes, such amount not to exceed \$75,000 in any one year. The Company is to be entitled to purchase Series "A" Debentures at a price not exceeding the redemption price current at the time of purchase plus costs of purchase and to tender them to the Trustee at the principal amount thereof in lieu of making sinking fund payments in cash. If any Series "A" Debentures are converted into shares the principal thereof is to be applied and credited to the sinking fund requirements.

On October 1st in each year commencing October 1st, 1951, and up to and including October 1st, 1955, there is to be an adjustment based upon the principal amount of Series "A" Debentures converted up to such date to the intent that the Company is only to be required to pay into the sinking fund monies to the extent that the Sinking Fund requirements as set out above exceed the principal amount of Series "A" Debentures converted and so that if the monies paid into the sinking fund plus the principal amount of Series "A" Debentures converted exceed the specified sinking fund payments the appropriate repayment is to be made to the Company annually out of any sinking fund monies in the hands of the Trustee. The sinking fund monies are to be applied by the Trustee in purchasing Series "A" Debentures for cancellation at not exceeding the redemption price current at the time of purchase plus cost of purchase and if Series "A" Debentures are not obtainable the sinking fund monies are to be applied in retiring Series "A" Debentures by call for redemption at such redemption price. The Trustee shall not be bound to purchase Series "A" Debentures for cancellation or call Series "A" Debentures for redemption with the sinking fund monies if the monies in the sinking fund are less than \$10,000.

### Certain Provisions of the Trust Deed

The \$600,000 principal amount of Series "A" Debentures will, in the opinion of counsel, be direct obligations of the Charter Oil Company Limited and are secured under or pursuant to a trust deed to be entered into between the Company and The Canada Trust Company, as Trustee, constituting a first fixed and specific charge on the Company's entire interest in, or a share of production from all oil wells in which on October 1st, 1950, the Company had an interest and on which said wells are situate insofar as such leases relate to the quarter section of land (or such lesser amount of land as may be comprised in any lease) on which such wells are respectively situate and also on the Company's interest in all and any machinery, plant, equipment, tools and appliances situate on or at the said wells or any of them and a floating charge on all other assets of the Company.

The trust deed will provide that the remaining \$400,000 principal amount of debentures may be issued from time to time to the extent of 60% of the fair value (to be determined in the manner to be provided in the trust deed) of additional property (as to be defined in the trust deed which will provide that additional property means additional real and immovable properties acquired by the Company after October 1st, 1950, including all machinery, plant, equipment, tools and appliances situate thereon and all leases of petroleum and natural gas of interests therein and all production of petroleum and natural gas or interests therein acquired or created after October 1st, 1950; provided, however, that an amount equal to the net proceeds from the sale of any issue of Debentures if such net proceeds are used either directly or indirectly to acquire or to reimburse the Company for monies expended in acquiring additional property shall be deducted from the fair value of additional property used as the basis for the issue of additional Debentures), acquired by the Company by purchase, construction or otherwise and subjected to the first fixed and specific charge securing the Debentures, provided that the net earnings of the Company (as to be defined in the trust deed) for any twelve consecutive calendar months of the fifteen months next preceding the date of application to the Trustee for the issue of the additional Debentures shall not be less than two and one-half times the aggregate annual interest requirements of all the Debentures then outstanding and then proposed to be issued: provided that in the event of such an application prior to October 1st, 1951, the earnings period will be three consecutive calendar months of the five months next preceding the application and the earnings requirement shall be not less than five-eighths of the aggregate annual interest requirements of the debentures then outstanding and proposed to be issued.

Among other things the trust deed will provide that:

- (a) So long as any of the Series "A" Debentures remain outstanding, the Company will not (except as to be provided in the trust deed) create or permit the creation of any specific mortgage, pledge or charge or any floating charge on its assets ranking in priority to or pari passu with the specific charge and the floating charge to be created under the trust deed and the Company will not pledge any oil runs as security to its banker or in any other manner except subject to the charge of the trust deed.
- (b) The Company will not pay any dividends upon the shares of its capital stock when the net current assets of the Company (as to be defined in the trust deed) are below, or if after such payment the net current assets of the Company would be below the sum of \$150,000.
- (c) The Company will not pay any dividends (other than stock dividends) or redeem or purchase any of its shares so long as it is in default in any respect under the trust deed.
- (d) The Company will not create any funded indebtedness (as to be defined in the trust deed, such definition to provide, among other things, that any debt or obligation maturing more than eighteen months after the date of its creation shall be funded indebtedness and also to include any mortgage, hypothec, lien or charge on any part of the real or immovable property of the Company or interest therein subject to certain exceptions with respect to purchase money mortgages and other specified indebtedness).



- (e) The Company will, if it at any time hereafter acquires any property of the same type as any property included in the specifically mortgaged premises (as to be defined in the trust deed), forthwith after the acquisition thereof cause such property to be subjected to the fixed and specific charge under the trust deed as part of the specifically mortgaged premises (as so defined) but this provision is not to affect the Company's right to issue additional Debentures as hereinbefore referred to.
- (f) Any additional Debentures that may be issued under the trust deed shall not mature earlier than October 1st, 1962, and any sinking fund for additional Debentures shall not be proportionately greater than the sinking fund payments in respect of the Series "A" Debentures outstanding at the time of the issuance of the additional Debentures.

### **Purpose of Issues**

The proceeds of the sale of the \$600,000 principal amount of 5% Convertible Sinking Fund Debentures, Series "A", and of the 600,000 Common Shares of no par value will amount to \$1,050,000 less an estimated \$10,000 for legal fees and other expenses incidental to financing. Of this amount, \$255,000 will be paid to Pacific Petroleum Limited in part payment for the interest which the Company is acquiring in three producing wells; \$165,505.65 will be paid to Pacific Petroleum Limited for the Company's 5% interest in the three quarter sections in the Redwater field, purchased at the Government auctions on June 29th; \$7,500 will be paid to G. Maxwell Bell in part payment for the  $\frac{1}{2}$  of 1% interest in the 11 producing wells. The Company's share of the cost of development work on the Benedum & Trees reservations is \$80,000 and for development work on the three quarter sections purchased at the auctions on June 29th, \$36,000, after providing for which, the Company will still have in excess of \$500,000 cash in the Treasury with which to acquire additional oil properties.

Yours very truly,

(Signed) JOHN O. MABERRY,  
*President.*

# Charter Oil Company Limited

## Balance Sheet as at September 15th, 1950

(Prepared for inclusion with prospectus dated September 27th, 1950)

### ASSETS

CASH ON HAND AND IN BANKS .....		\$ 4,502.00
OIL PROPERTIES, AT COST:		
Oil leases and reservations .....	\$687,255.65	
Commitments for expenditures on development of reservations .....	80,000.00	
		767,255.65
ORGANIZATION EXPENSES—Estimated .....		10,000.00
		<u>\$781,757.65</u>

### LIABILITIES

ACCOUNTS PAYABLE:		
Due on acquisition of oil leases .....	\$428,005.65	
Commitments for expenditures on development of reservations as per contra .....	80,000.00	
Provision for organization expenses .....	10,000.00	
		\$518,005.65
SHARE CAPITAL:		
Authorized—		
2,000,000 Common shares of no par value		
Subscribed and issued, fully paid:		
90,002 Shares issued for cash .....	4,502.00	
305,000 Shares issued for oil properties .....	259,250.00	
		263,752.00
<u>395,002 Shares .....</u>		<u>\$781,757.65</u>

Note (1):

An underwriting agreement dated September 14th, 1950 provides for the issue of \$300,000.00 5% Convertible Sinking Fund Debentures, Series "A", due October 1st, 1962 and 300,000 common shares of no par value. The same agreement grants to the underwriters options as set out in Note (1) of the Pro-Forma Balance Sheet as at September 15th, 1950.

Note (2):

Under agreements dated June 29th, 1950 and July 7th, 1950 the company has agreed to provide funds as required to defray the company's share of the development costs in excess of \$400,000.00 of the properties described therein.

Note (3):

Under the terms of the acquisition of the company's 5% interest in three oil leases in the Redwater Oil Field District the company is committed to that extent to meet a proportionate share of the development expenditure thereon. The above Balance Sheet does not reflect any revenues accrued or expenditures incurred subsequent to the company's acquisition of the aforementioned interest. As at August 31st, 1950, latest date figures available, the company's commitments thereunder amounted to \$16,541.14 in respect to development expenditures and production equipment, and an amount of \$354.17 in respect to operating expenses net after application of the value of oil produced.

Approved:

(Signed) JOHN O. MABERRY, Director

(Signed) G. M. BELL, Director

To the Directors,

Charter Oil Company Limited,  
Vancouver, B.C.

We have examined the books and accounts of Charter Oil Company Limited for the period from June 22nd, 1950 (date of incorporation) to September 15th, 1950 and have obtained all the information and explanations that we required. We have accepted the opinion of Messrs. Farris, Stultz, Bull & Farris, legal counsel for the company, as to the legality of the company's title to the oil properties reflected in the above Balance Sheet. Subject to the foregoing we report in accordance with Section 152 of the B.C. Companies Act that the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at the date thereof, according to the best of our information and explanations given to us and as shown by the books of the company.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants.

Vancouver, B.C.

September 27th, 1950.

# Charter Oil Company Limited

## Pro-Forma Balance Sheet as at September 15th, 1950

(Prepared for inclusion with prospectus dated September 27th, 1950)

After giving effect as of that date to the following:

- (1) The issue of Series "A" Debentures, together with a further issue of common shares of no par value in the following amounts:
  - (a) \$300,000.00 5% Convertible Sinking Fund Debentures, Series "A", due October 1st, 1962
  - (b) 300,000 Common shares of no par value  
all in accordance with the underwriting agreement dated September 14th, 1950.
- (2) The application of \$428,005.65 of the proceeds of the issue of debentures and shares upon the purchase price of oil leases.

ASSETS		
CASH ON HAND AND IN BANKS .....		\$101,496.35
OIL PROPERTIES, AT COST:		
Oil leases and reservations .....	\$687,255.65	
Commitments for expenditures on development of reservations .....	80,000.00	
		767,255.65
DISCOUNT ON ISSUE OF FUNDED DEBT .....		30,000.00
ORGANIZATION EXPENSES ESTIMATED .....		10,000.00
		<u>\$908,752.00</u>
LIABILITIES		
ACCOUNTS PAYABLE:		
Commitment for expenditures on development of reservations, as per contra .....	\$ 80,000.00	
Provision for organization expenses .....	10,000.00	
		\$ 90,000.00
FUNDED DEBT:		
Authorized .....	\$1,000,000.00	
Issued:		
5% Convertible Sinking Fund Debentures, Series "A", maturing October 1st, 1962 .....		300,000.00
SHARE CAPITAL:		
Authorized—		
2,000,000 Common shares of no par value		
Subscribed and issued, fully paid—		
390,002 Shares issued for cash .....	\$ 259,502.00	
305,000 Shares issued for oil properties .....	259,250.00	
		518,752.00
		<u>\$908,752.00</u>

**Note (1):**

The underwriting agreement dated September 14th, 1950 extended to the underwriters the undernoted options:

- (a) \$300,000.00 5% Convertible Sinking Fund Debentures, Series "A", due October 1st, 1962
- (b) 300,000 Common shares of no par value  
to be exercised on or before October 18th, 1950 upon the same terms and conditions as the purchase of equal amounts of the same securities as reflected by Proviso (1) as set out in the heading to the Balance Sheet; upon the above noted options being exercised in full the company will receive a further amount of \$525,000.00 and extends the following further options:
  - 50,000 Shares at \$1.50 expiring October 1st, 1951.
  - 50,000 Shares at \$2.00 expiring October 1st, 1952.
  - 50,000 Shares at \$2.50 expiring October 1st, 1953.

**Note (2):**

Under agreements dated June 29th, 1950 and July 7th, 1950 the company has agreed to provide funds as required to defray the company's share of the development costs in excess of \$400,000.00 of the properties described therein.

**Note (3):**

Under the terms of the acquisition of the company's 5% interest in three oil leases in the Redwater Oil Field District the company is committed to that extent to meet a proportionate share of the development expenditure thereon. The above Balance Sheet does not reflect any revenues accrued or expenditures incurred subsequent to the company's acquisition of the aforementioned interest. As at August 31st, 1950, latest date figures available, the company's commitments thereunder amounted to \$16,541.14 in respect to development expenditures and production equipment, and an amount of \$354.17 in respect to operating expenses net after application of the value of oil produced.

Approved:

(Signed) JOHN O. MABERRY, Director

(Signed) G. M. BELL, Director

To the Directors,  
Charter Oil Company Limited,  
Vancouver, B.C.

We have examined the above Pro-Forma Balance Sheet of Charter Oil Company Limited as at September 15th, 1950. We have accepted the opinion of Messrs. Farris, Stultz, Bull & Farris, legal counsel for the company, as to the legality of the company's titles to the oil properties reflected therein. Subject to the foregoing we report that in our opinion, according to the best of the information and explanations given to us, the above Pro-Forma Balance Sheet of Charter Oil Company Limited fairly presents the financial position of the company as at September 15th, 1950, after giving effect to the proposed transactions set out in the heading to the Balance Sheet.

Vancouver, B.C.  
September 27th, 1950.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants.



## Statutory Information

- (a) The full name of the Company is Charter Oil Company Limited, and its head office is 1508 Standard Building, Vancouver, B.C. and its Alberta office is at 304 Toronto General Trusts Building, Calgary, Alberta.
- (b) The Company was incorporated on the 22nd day of June, 1950 by Certificate of Incorporation under the laws of the Province of British Columbia, with an authorized capital consisting of 10,000 shares of One Dollar (\$1.00) par value each.

On the 15th day of September, 1950, by Certificate under the Companies Act, British Columbia, the authorized capital of the Company was increased from 10,000 shares One Dollar (\$1.00) par value to 2,000,000 shares without nominal or par value, and the Company was converted into a public company.

- (c) The full names, present occupation and home address in full, of the officers, directors and promoters are as follows:

### Directors and Officers

JOHN O. MABERRY, President and Director, Corporation Executive, 928 Riverdale Avenue, Calgary, Alberta.

GEORGE MAXWELL BELL, Vice-President and Director, Publisher, 1031 Durham Avenue, Calgary, Alberta.

JOHN WALLACE DEBEQUE FARRIS, Director, Barrister, 3351 Granville Street, Vancouver, B.C.

WILDER HARDING RIPLEY, Director, Corporation Executive, 1302 Prospect Avenue, Calgary, Alberta.

MATTHEW CLIFFORD DEANS, Director, Investment Dealer, 71 Baby Point Crescent, Toronto, Ontario.

ARTHUR FLESHER MERCER, Director, Investment Dealer, 6184 Carnarvon Street, Vancouver, B.C.

GEORGE MCMAHON, Director, Corporation Executive, 3634 Elbow Drive, Calgary, Alberta.

MEREDITH MILNER MCFARLANE, Secretary, Solicitor, 6490 Cedarhurst Avenue, Vancouver, B.C.

### Promoter

RALPH KIRSTEAD FARRIS, Corporation Executive, 2867 West 45th Avenue, Vancouver, B.C.

- (d) The auditors of the Company are Messrs. Riddell, Stead, Graham & Hutchison, 626 West Pender Street, Vancouver, B.C., 207 Insurance Exchange Building, Calgary, Alberta, and 66 King Street West, Toronto.

- (e) The Transfer Agents and Registrars of the Company and their addresses are as follows:

The Canada Trust Company—455 Howe St., Vancouver, B.C.

The Canada Trust Company—110 Yonge Street, Toronto, Ontario.

The Toronto General Trusts Corporation—Toronto General Trusts Building, Calgary, Alberta.

- (f) The authorized capital of the Company is divided into 2,000,000 shares without nominal or par value. The Certificate of Incorporation of the Company does not express any limitation upon the amount for which the said shares may be sold. By the Company's Memorandum and Articles of Association, however, the maximum price or consideration for the sale of the said shares is fixed at \$2.50 per share. The total issued shares, after giving effect to the sale of the shares offered by this prospectus and after giving effect to the issuance of shares for properties and rights but without giving effect to an outstanding option agreement with the underwriters as set forth in (n) hereof, and without giving effect to Stock Purchase rights accompanying the Debentures offered by this prospectus, nor to conversion rights attached to the Debentures, is 995,002 shares.

- (g) The Company has created 5% Convertible Sinking Fund Debentures in the aggregate principal amount of \$1,000,000 and \$600,000 aggregate principal amount thereof, Series "A", are offered by this prospectus. The said Debentures are to be issued by the Company to the underwriters thereof at a discount of 10%. Particulars as to the Conversion Privilege in respect of, and the Sinking Fund for the said Debentures appear on page 3 of this prospectus to which reference is hereby expressly made. The said Debentures are subject to redemption as stated on page 3 of this prospectus and the offering price of the said Debentures to the public is as stated on page 3 of this prospectus. Reference is also made to warrants attached to the Debentures entitling the holders to purchase common shares on terms as set out on page 3 of this prospectus. The Debentures offered by this prospectus in the opinion of counsel, are secured under or pursuant to a trust deed (hereinafter called the "trust deed") dated as of the 15th day of September, 1950, between the Company and The Canada Trust Company, as Trustee, constituting a first fixed and specific charge on the Company's entire interest in, or share of production from, all oil wells in which on September 15th, 1950 the Company had an interest and the Company's entire interest in said oil wells, and in the leases of the lands on which said wells are situate insofar as such leases relate to the quarter section of land (or such lesser amount of land as may be comprised in any lease) on which such wells are respectively situate and also on the Company's interest in all and any machinery, plant, equipment, tools and appliances situate on or at the said wells or any of them and a floating charge on all other assets of the Company. Other particulars relating to the said Debentures are set forth on pages 6, 7 and 8 in this prospectus, to which reference is hereby expressly made.

- (h) No shares or other securities of the Company are held in escrow.

- (i) The shares of the Company sold for cash are as follows:

	Shares	Amount
Previously sold for cash*	90,002	\$ 4,502.00
Offered by this prospectus	600,000	510,000.00
Total	690,002	\$514,502.00

\*On June 29th, 1950, the Company entered into an agreement with Ralph K. Farris whereby Ralph K. Farris paid to the Company the sum of Four Thousand, Five Hundred Dollars (\$4,500.00) to provide the Company with initial operating funds. In consideration of this the Company agreed to change and increase its capital to 2,000,000 shares without nominal or par value within 90 days and to issue to Ralph K. Farris 90,000 shares.

No commission was or is intended to be paid by the Company on the sale of these shares.

- (j) The Debentures offered by this prospectus and referred to in (g) hereof are the only other securities sold for cash to date. The total cash to be received for these Debentures, based on the total amount of \$600,000 par value being purchased and paid for as referred to in paragraph (n)—(1) and (2) herein, is \$540,000. No commission was or is intended to be paid by the Company on the sale of these debentures.

- (k) The Company has issued to Ralph Kirstead Farris, the promoter of the Company, 190,000 shares of the capital stock of the Company. Of the said 190,000 shares, 90,000 were issued pursuant to the agreement referred to in paragraph (i) hereof and for the consideration therein set out. The remaining 100,000 shares were issued to the said Ralph Kirstead Farris pursuant to the agreement set out in paragraph (l) hereof in consideration of the transfer to the Company of the interest of the said Ralph Kirstead Farris in the oil reservations described in the said paragraph (l). Subject as aforesaid, no other shares have been issued or are to be issued to any promoter. No cash has been paid or is to be paid to any promoter.
- (l) The Company holds interest in petroleum and natural gas leases in the Province of Alberta as follows:
- (a) Subject as hereinafter provided, a 35% interest in petroleum and natural gas lease No. 78279 dated the 20th day of February, A.D. 1950, and issued by His Majesty the King in the right of the Province of Alberta to Atlantic Oil Company Limited, covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northwest Quarter of Section 22, in Township 56, Range 21, West of the Fourth Meridian, in the Province of Alberta.
  - (b) A 5% interest in petroleum and natural gas lease No. 80053 dated the 24th day of July, A.D. 1950, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northwest Quarter of Section 4, in Township 57, Range 21, West of the Fourth Meridian, in the Province of Alberta.
  - (c) A 5% interest in petroleum and natural gas lease No. 80091 dated the 3rd day of August, A.D. 1950, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northwest Quarter of Section 34, in Township 56, Range 21, West of the Fourth Meridian, in the Province of Alberta.
  - (d) A 5% interest in petroleum and natural gas lease No. 80124 dated the 3rd day of August, A.D. 1950, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northeast Quarter of Section 35, in Township 56, Range 21, West of the Fourth Meridian, in the Province of Alberta.
  - (e) A  $\frac{1}{2}$  of 1% interest in petroleum and natural gas lease No. 76174 dated the 30th day of August, A.D. 1949, and issued by His Majesty the King in the right of the Province of Alberta to Calvan Petroleum Limited, covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Southwest Quarter of Section 23, in Township 57, Range 21, West of the Fourth Meridian, in the Province of Alberta.
  - (f) A  $\frac{1}{2}$  of 1% interest in petroleum and natural gas lease No. 75644 dated the 7th day of September, A.D. 1949, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northwest Quarter of Section 17, in Township 58, Range 22, West of the Fourth Meridian, in the Province of Alberta.
  - (g) A  $\frac{1}{2}$  of 1% interest in petroleum and natural gas lease No. 75643 dated the 25th day of July, A.D. 1949, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under the Northeast quarter of Section 17, in Township 58, Range 22, West of the Fourth Meridian, in the Province of Alberta.
  - (h) A  $\frac{1}{2}$  of 1% interest in petroleum and natural gas lease No. 76557 dated the 4th day of November, A.D. 1949, and issued by His Majesty the King in the right of the Province of Alberta to Pacific Petroleum Ltd. (N.P.L.) covering petroleum and natural gas and related hydrocarbons other than coal within, upon or under Legal Subdivision 4 of Section 23, in Township 58, Range 22, West of the Fourth Meridian, in the Province of Alberta.

Each of the above mentioned leases is for a term of twenty-one years with the right of twenty-one year extensions so long as petroleum and natural gas is being produced from the property covered by the said lease, and provide for a rental of \$1.00 per acre per year plus such royalty as may from time to time be fixed by the Lieutenant-Governor of the Province of Alberta. The present rate of royalty is 12 $\frac{1}{2}$ %. The said leases are subject to the usual conditions pertaining to petroleum and natural gas leases granted by the Province of Alberta including requirements as to commencement and prosecution of drilling operations. The said ground rental of \$1.00 per acre per year has been paid with respect to each of the above described properties to the respective due dates in 1951.

The Company's interest in the lease described in sub-paragraph (a) above was acquired by the Company upon payment to Pacific Petroleum Ltd. (N.P.L.) of \$420,750.00 made up of \$255,000.00 in cash and 195,000 shares in the capital stock of the Company, valued for the purposes of this transaction at 85¢ per share. The Company's interests in the leases described in sub-paragraphs (b), (c) and (d) above, were acquired by the Company from Pacific Petroleum Ltd. (N.P.L.) in consideration of the sum of \$165,505.65.

The Company's interests in the leases described in sub-paragraphs (e), (f), (g) and (h) were acquired by the Company from G. Maxwell Bell, who acquired this interest from Calvan Petroleum Limited, who in turn acquired its interest from Pacific Petroleum Ltd. (N.P.L.). The consideration paid by the Company to the said G. Maxwell Bell was \$16,000.00, made up of \$7,500.00 in cash and 10,000 shares in the capital stock of the Company, valued for the purposes of this transaction at 85¢ per share.

At the present time there are three producing oil wells in the properties described in sub-paragraph (a) above and the Company obtains 45% of the production from these three wells until such time as the money paid by the Company for its interest in these wells has been returned. Following that, the Company is to have a 22 $\frac{1}{2}$ % interest in the production from these wells until such time as the total net returns to the Company therefrom equals 70% of returns from a 45% interest. Following that, and for the lifetime of the wells, the Company is to have a 35% interest.

At the present time there are two producing oil wells in the properties described in sub-paragraph (b) above, three producing oil wells in the properties described in sub-paragraph (c) above and four producing oil wells in the properties described in sub-paragraph (d) above.

At the present time there are four producing oil wells in the properties described in sub-paragraph (e) above, two producing oil wells in the properties described in sub-paragraph (f) above, four producing oil wells in the properties described in sub-paragraph (g) above, and one producing oil well in the properties described in sub-paragraph (h) above.

In all the above wells, unless otherwise indicated, the Company has the same interest in the wells and production therefrom as it has in the properties described.

Pacific Petroleum Ltd. (N.P.L.) and Calvan Petroleum Limited act on behalf of the Company and other interested participants in connection with field operations and have full and complete charge of all matters relating to the drilling and operating of wells drilled on the above described lands and the management of such wells.



With respect to the properties described in sub-paragraph (a) above, Pacific Petroleum Ltd. (N.P.L.) pays 57% of the drilling costs and all operating costs incurred in the operation of the wells drilled on the said lands and receives the proceeds of the sale of the petroleum products produced therefrom in the same percentage and remits to the Company and other interested participants their respective share of the balance of such proceeds after deducting therefrom their respective share of such costs.

With respect to the properties described in sub-paragraphs (b), (c) and (d) above, Pacific Petroleum Ltd. (N.P.L.) pays the cost of drilling and of operating costs in respect of the wells drilled on the said lands and receives the proceeds of the sale of all the petroleum products produced therefrom, for which it reimburses itself for operating costs and remits to the Company and other interested participants their respective share of the balance of the said proceeds.

With respect to the properties described in sub-paragraph (e) above, G. Maxwell Bell pays to Calvan Petroleum Limited  $\frac{1}{2}$  of 1% of the drilling costs and all operating costs incurred in the operation of the wells drilled on the said lands and receives the proceeds of the sale of the same percentage of the petroleum products obtained therefrom. This interest of G. Maxwell Bell has been assigned, together with the obligations thereof, to the Company.

With respect to the properties described in sub-paragraphs (f) and (g) above, Calvan Petroleum Limited pays 30% of all drilling costs and operating costs incurred in the operation of the wells drilled on the said lands and receives the proceeds of the sale of the petroleum products produced therefrom, for which it reimburses itself for operating costs and remits to the Company and other interested participants their respective share of the balance of such proceeds.

With respect to the properties described in sub-paragraph (h) above, Calvan Petroleum Limited pays 33% of all drilling costs and operating costs incurred in the operation of the wells drilled on the said lands and receives the proceeds of the sale of the petroleum products produced therefrom, for which it reimburses itself for operating costs and remits to the Company and other interested participants their respective share of the balance of such proceeds.

In addition to the interests which it has acquired in the above mentioned leases, the Company by agreement is acquiring an interest in the petroleum and natural gas rights within, upon or under 631,173 acres under reservation from the Province of Alberta. The said land under reservation is more particularly described in Petroleum and Natural Gas Reservations issued by His Majesty the King in the right of the Province of Alberta and known as reservations 914, 915, 916, 917, 920, 977, 993, 829, 842, 862 and 863. Original holders of these reservations are Central Leduc Oils Limited and Del Rio Oils Limited. Under a previous agreement Benedum & Trees Group of 1801 Benedum & Trees Building, Pittsburgh 22, Pa., have been exploring these reservations on a basis whereby Benedum & Trees received a 60% interest in 7 reservations, a 66 $\frac{2}{3}$ % interest in 3 reservations and a 50% interest in 1 reservation. The Company in association with others, including Pacific Petroleum Limited and Calvan Petroleum Limited have agreed to share equally with Benedum & Trees their interest and to expend in development and exploration the sum of \$400,000, this being the approximate amount expended previously by Benedum & Trees. The Company's interest is 20% of the total interest held by the Company, Pacific Petroleum Limited, Calvan Petroleum Limited and others. The cost to the Company of acquiring this interest is 100,000 shares in the capital stock of the Company, to be paid to Ralph K. Farris, Vancouver, B.C. The Company is to bear its share of the cost of development of the reservations, being a minimum amount of \$80,000.

So far as is known to the signatories hereto, no person has received or is to receive any interest in the shares or other consideration received by any vendor to the Company of the interests acquired by the Company as set out above.

No geologist's report is available with respect to the properties described in (e), (f), (g) and (h) above, and due to the small interest which the Company has in these properties, no geologist's report with respect to these properties is submitted with this prospectus.

- (m) (i) The means of access to the properties in which the Company has an interest is by highway and/or private road.
- (ii) Underground exploration and development has been conducted by drilling of wells and studying of all available sub-surface data. There is no underground plant and equipment other than the conventional equipment used in the production of petroleum and natural gas.
- (iii) Surface plant and equipment consists of pipelines, separators, tankage and the usual system of controls used in the production of oil and gas.
- (iv) The Redwater Field has been under development for approximately two and one-half years. The Company's Redwater properties have been developed during 1950. The eleven reservations in which the Company has an interest have been in part under geophysical exploration during the past year.
- (v) The work done and improvements made by the present management are the participation in the drilling and placing on production of the wells herein referred to and the participation in the continuation of geophysical survey of some of the reservations.
- (n) On September 14, 1950, the Company sold and Lauder Mercer & Company Ltd., of Vancouver, B.C., and Bankers Bond Corporation Limited of Toronto, Ontario, as Underwriters, purchased, securities in the Company as follows:
- (1) \$300,000 par value of debentures at the price of \$90.00 per \$100.00 par value, plus accrued interest, if any, to date of delivery:  
and 300,000 common shares at 85¢ per share.
- (2) The Underwriters have the right to purchase on or before October 18, 1950, an additional equal amount of the said shares and debentures at the same price.
- (3) The Underwriters have the right to purchase common shares of the Company as follows:  
50,000 shares on or before October 1, 1951 at the price of \$1.50 per share.  
50,000 shares on or before October 1, 1952 at the price of \$2.00 per share.  
50,000 shares on or before October 1, 1953 at the price of \$2.50 per share.
- Provided that should the amount of debentures and shares of the Company purchased by the Underwriters under the underwriting agreement be less than \$1,200,000 valuating the debentures at par and the common shares at \$1.00 per share, the number of shares to be included in the options hereinabove given shall be reduced accordingly.

A copy of this underwriting agreement may be inspected at the office of Messrs. Farris, Stultz, Bull and Farris, 1508 Standard Building, Vancouver, B.C. at any time during business hours during the period of primary distribution to the public of the debentures and shares hereby offered.



The following are the names of all persons having an interest either directly or indirectly to the extent of not less than 5% in the capital of Bankers Bond Corporation Limited: M. C. Deans, C. L. McCutcheon, A. C. Cochrane.

The following are the names of all persons having an interest either directly or indirectly to the extent of not less than 5% in the capital of Lauder Mercer & Company Ltd.: A. Donald Lauder, Arthur F. Mercer.

The following firms and companies, namely

G. E. LESLIE & Co.  
PEMBERTON & SON VANCOUVER LIMITED  
HAGAR INVESTMENTS LTD.  
SAMIS & Co. LTD.  
SCOTIA BOND COMPANY LTD.  
OKANAGAN INVESTMENTS LTD.  
ROSS WHITTALL LIMITED  
RINGLAND, MEREDITH & COMPANY LIMITED  
LAMPMAN, LAIDLAW SECURITIES LIMITED

have joined in the underwriting with respect to the debentures and shares which are offered by this prospectus and will receive their proportionate amount of debentures at a price of \$92.50 per \$100.00 debenture and their proportionate amount of shares at a price of 90¢ per share.

The above-mentioned firms and companies also have an interest in the options granted to the underwriters as described in paragraph n(3) hereof at the same prices as are therein described to the extent of 400 shares out of each option instalment for each 10,000 shares purchased by them of the shares being offered by this prospectus.

The persons as listed below are all the persons having an interest either directly or indirectly to the extent of not less than 5% in the firms and companies hereunder listed, namely:

G. E. LESLIE & Co.	Guy E. Leslie H. Joseph Ferguson
PEMBERTON & SON VANCOUVER LIMITED	Wilfred J. Borrie A. Fraser Wright Frederick G. Venables Colin D. Campbell R. Murray Brink Frank A. Sherrin Hugh B. McIntosh William E. Thomson
HAGAR INVESTMENTS LTD.	J. Dennis Hagar Miss Kathleen Knapton Frank H. Swayne
SAMIS & Co. LTD.	Bruce C. Samis
SCOTIA BOND COMPANY LTD.	John C. Rusk Margaret J. Rusk Louise Hamm Fred C. Manning
OKANAGAN INVESTMENTS LTD.—There is no person having an interest either directly or indirectly to the extent of not less than 5% of the capital thereof.	
ROSS WHITTALL LIMITED	Norman R. Whittall John C. Ross
RINGLAND, MEREDITH & COMPANY LIMITED	James K. Ringland Roy F. Meredith
LAMPMAN, LAIDLAW SECURITIES LIMITED	O. Secord Lampman Thomas K. Laidlaw

- (o) The net proceeds to be derived from the securities hereby offered on the basis of the same being fully taken up and paid for are \$1,050,000 less legal and auditing fees and other expenses in connection with the issue.

The Company proposes to use part of the proceeds of this issue to make payment to Pacific Petroleum Limited and G. Maxwell Bell of the obligations incurred by the Company to them in connection with the purchase of the Company's interest in properties which were acquired from them, as described in paragraph (l) hereof.

The Company proposes to continue, either alone or in association with others, to explore and develop proved, semi-proved and prospective oil lands. A portion of the proceeds to be derived from the securities hereby offered will be used in this connection.

- (p) Preliminary administrative expenses are estimated to be \$10,000. The Company's share of the cost of drilling the oil lands purchased from the Province of Alberta on June 29th, as set out in paragraph (l) hereof above is estimated to be \$36,000 of which some \$27,000 has already been incurred.

The development and exploration costs arising out of the Company's interest in the 631,173 acres of land under reservation as set out in paragraph (l) hereof cannot be accurately determined but it is estimated that to date the company's share of such costs already incurred amounts to \$19,000. As recited above the total share of such cost for which the Company is responsible amounts to \$80,000.

- (q) The Company has created 5% Convertible Sinking Fund Debentures in the aggregate principal amount of \$1,000,000, the full particulars of which are set out in paragraph (g) hereof. Debentures aggregating a principal amount of \$600,000 have been authorized for issue at this time. Subject as aforesaid, there is no indebtedness to be created or assumed which is not shown in the balance sheet attached to and forming part of this prospectus and dated the 15th day of September, 1950.

- (r) The principal business in which each Director or officer has been engaged during the past three years and the length of time, position held and the name of the company or firm are as follows:

(i) Name	Principal Business & Position	Firm or Company and Length of Time Occupied
JOHN O. MABERRY.....	Corporation Executive	Pacific Petroleum Limited 1 year Sunray Oil Corp. 2 years
GEORGE MAXWELL BELL.....	Publisher, President	Albertan Publishing Co. Ltd. 6 years
JOHN WALLACE DEBEQUE FARRIS.....	Barrister, Partner	Messrs. Farris, Stultz, Bull & Farris 48 years
WILDER HARDING RIPLEY.....	Oil Operator	Self 10 years
GEORGE MCMAHON.....	President	Atlantic Oil Company Limited since July 11, 1950
MATTHEW CLIFFORD DEANS.....	President	Bankers Bond Corporation Limited 4 years
ARTHUR F. MERCER.....	Vice-President	Lauder Mercer & Company Ltd. 11 years

(ii) John O. Maberry, one of the directors of the Company, is the General Manager of Pacific Petroleum Limited, from which Company, this Company acquired its interests in the properties above described in paragraph (l)—(a) (b) (c) and (d).

George Maxwell Bell, one of the directors of the Company, owned the interest acquired by the Company in the properties above described in paragraph (l)—(e) (f) (g) and (h).

Other than this, no Director or officer of the Company has ever had any interest, direct or indirect, in the property acquired by the Company, or which is to be acquired by the Company, at this time.

(iii) Since incorporation, no remuneration has been paid by the Company to the Directors or officers of the Company and during the current financial year it is estimated no remuneration will be paid to the Directors and officers of the Company.

- (s) No dividends have been paid by the Company.
- (t) The Company has no knowledge of any persons who, by reason of the beneficial ownership of securities of the Company or any agreement in writing, are in a position to, or entitled to, elect or cause to be elected a majority of the Directors of the Company.

There is no agreement known to the signatories to this prospectus covering the sale or other dealing with vendors shares.

- (u) There are no other material facts not disclosed in the foregoing.

DATED this 27th day of September, 1950.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under section 43 of The Securities Act, 1947 (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

### Directors

(Signed) JOHN O. MABERRY

(Signed) GEORGE MAXWELL BELL

(Signed) J. W. DEB FARRIS

(Signed) WILDER H. RIPLEY

(Signed) M. C. DEANS

(Signed) A. F. MERCER

(Signed) GEO. MCMAHON

### Promoter

(Signed) RALPH K. FARRIS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 43 of The Securities Act, 1947 (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

### Underwriters

LAUDER MERCER & COMPANY LTD.  
by (Signed) A. F. MERCER

BANKERS BOND CORPORATION LIMITED  
by (Signed) M. C. DEANS







*file*

# TORONTO STOCK EXCHANGE TORONTO

BULLETIN NO. 7259

June 25, 1969

NOTICE FILED PURSUANT TO EXCHANGE REGULATIONS

The following notice has been accepted for filing, pursuant to Exchange regulations, from a company whose shares are posted for trading:-

CHARTER OIL COMPANY LIMITED - The company has filed a Filing Statement to disclose the following:-

1. By agreement dated March 21, 1969, the company has sold by private placement for investment only, 65,000 treasury shares to Value Line Special Situations Fund, Inc., New York, N.Y., at \$9.45 (Canadian Funds) or \$8.75 (U.S. Funds) a share.
2. Increase in the authorized capital from 4,000,000 shares to 7,500,000 shares.
3. Increase in the number of Directors from five to seven and the election of the following new Directors:  
Jacques Barbeau, Vancouver, B.C.  
A. Elmer Proznick, Vancouver, B.C., and Ian Gardner-Smith, San Diego, California.
4. The company has issued to Biegert Brothers Partnership (Messrs. Virgil G., John R., Waldean J., and Max L. Biegert, all of Phoenix, Arizona) \$520,000. (Canadian) principal amount two year interest-free convertible notes. The notes are convertible six months after date of issue into 40,000 treasury shares of the company at \$14. a share and will be callable at the option of the company thereafter until maturity. In consideration for the interest-free notes, the company has granted Biegert Brothers Partnership an option to purchase 20,000 treasury shares at \$14 a share exercisable after one year from date of issue and 20,000 treasury shares at \$15 a share exercisable after two years from date of issue. The option expires two years and ten days from the date of issue and will not be valid unless the notes are converted.
5. Pursuant to the exercise of an option, the company has acquired from Eugene E. Nearburg, Dallas, Texas, U.S.A., various interests in the following well drilling projects in the State of Texas:
  - (a) 6% interest in a 21,000 foot well, offset by production, in the Delaware Basin, Reeves County, at a cost of \$159,000;
  - (b) 50% interest in a 7,000 foot development well, offset by production, in the Smyre field, Hockley County, at a cost of \$60,000.;
  - (c) 50% interest in a stepout well at North West Frankirk, Stonewall County, at a cost of \$60,000.
  - (d) 50% interest in an exploratory well in a producing area in Necass, Cass County, at a cost of \$150,000.
6. The company's wholly-owned subsidiary, Charter Capital Corporation, San Diego, California, has incorporated a wholly-owned subsidiary, Charter Counseling Corporation, which company is registered under the Investment Advisors Act of 1940 (U.S.A.) The business of Charter Counseling Corporation is to provide securities management on a fee basis for individual and corporate accounts.

Upon issue of the shares referred to in Item 1, above, the issued capital will be 3,643,670 shares of which 150,000 shares are held by the company for the benefit of the treasury, leaving 3,856,330 shares in the treasury.

Full particulars are given in Filing Statement No. 1700.

BY ORDER OF THE BOARD OF GOVERNORS

J. R. KIMBER  
President



TORONTO STOCK EXCHANGE  
TORONTO

Date: 22.1.1938

Registration No. 1234

NOTICE FILED PURSUANT TO SECURITIES REGULATION

The following notice has been received from the Registrar of Companies, London, England: -  
The company has filed a filing statement in accordance with the provisions of the Companies Act, 1929, and the Regulations made thereunder.

1. The company is a public company limited by shares, and is incorporated in England.
2. The company is authorized to raise a capital of £1,000,000, divided into 1,000,000 shares of £1 each.
3. The company is authorized to borrow money up to a sum of £500,000.
4. The company is authorized to invest its funds in any manner that may seem expedient to the directors.
5. The company is authorized to manage its business in any manner that may seem expedient to the directors.
6. The company is authorized to do all such other acts and things as may be necessary for the purposes of its business.
7. The company is authorized to alter its memorandum of association and articles of association.
8. The company is authorized to change its name.
9. The company is authorized to do all such other acts and things as may be necessary for the purposes of its business.
10. The company is authorized to do all such other acts and things as may be necessary for the purposes of its business.

J. A. KILGUS  
President

BY ORDER OF THE BOARD OF DIRECTORS